Austria Sch. 18; Bahrain Din 0.550; Belgium Fr. 38; Canada C$1.00; Cyprus Mils 600; Denmark Dkr 7.25; Egypt E£1.00; Finland Fmk 5.50; France Fr 8.00; Germany DM 2.20; Greece Dr 80; Hong Kong HK$ 12; India Rup 15; Indonesia Rp 2500; Italy L 1100; Japan Y550; Jordan Fils 500; Kuwait Fils 500; Lebanon £L 6.00; Luxembourg LFr 38; Malaysia Rm 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 2.50; Norway Kr 8.00; Philippines Pes 20; Portugal Esc 75; S. Arabia Rls 6.00; Singapore S$4.10; Spain Pta 100; Sri Lanka Rup 30; Sweden Skr 6.50; Switzerland SwFr 2; Taiwan NT $65; Tunisia Din 0.650; Turkey L 150; U.A.E. Dh 6.50; U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,231 — Friday January 27 1984 — D 8523 B

Reagan brings star quality to the election race, Page 4

NEWS SUMMARY

GENERAL

Thatcher denies pressure from U.S.

British Premier Margaret Thatcher firmly denied in Parliament yesterday that U.S. pressure was responsible for the move to withdraw union rights from workers at the Government's secret communications centre in Cheltenham.

She insisted that the decision was taken to safeguard vital intelligence gathering and blamed industrial action by civil servants at the centre in 1979 and 1981. Page 7

Nato secrets leak

Nato may have to change its plans for merchant shipping in times of crisis because of the arrest of a Norwegian Foreign Ministry official who admitted spying.

Prison chief quits

The Governor of Northern Ireland's Maze prison resigned after publication of a report into last September's breakout by 38 prisoners, 19 of whom are still free.

Recount for Denmark

Denmark's committee for the supervision of election results ordered a recount of the postal votes cast during the general election. Page 2

Pledge on cruise

The Dutch opposition Labour Party said it would prevent cruise missiles being sited in the Netherlands if it won the 1986 elections.

Rail blockade ends

Pig farmers in Brittany agreed to call off their two-day rail blockade after a meeting with Agriculture Minister Michel Rocard.

Soviet hostages freed

The Mozambican Resistance Movement freed 12 of 14 Soviet geologists they kidnapped last August.

Poles see war film

About 20m Poles were expected to watch the first screening in a Communist country of U.S. film The Day After, which depicts the effects of a nuclear strike.

S.A. ceasefire offer

As U.S. Assistant Secretary of State Chester Crocker arrived in Cape Town for talks on Namibian independence, South African Foreign Minister Pik Botha said a ceasefire was possible if Swapo guerrillas wanted peace.

Gandhi libel suit

Indian Premier Indira Gandhi was reported to have started libel proceedings against Jonathan Cape, London publishers of Salman Rushdie's best-selling novel Midnight's Children, about India's post independence history.

Gun gang convicted

Six men and two women were convicted in Vienna of smuggling 308 pistols and seven Soviet-designed rifles into Austria from Czechoslovakia.

'End arms race' call

Zimbabwe Foreign Minister Witness Mangwende urged major powers to stop spending on arms and use the funds to end worldwide suffering.

Drunk on the slopes

Drunken skiers are to blame for 40 per cent of ski accidents in Austria, particularly during national holidays when 80 per cent of skiers were under the influence of alcohol, an international skiing conference was told.

BUSINESS

Brazilian $6.5bn loan assured

SUBSCRIPTIONS to Brazil's jumbo loan from its commercial bank's creditors reached the required total of $6.5bn last night, one day before today's scheduled signing in New York.

The signing, together with a rescheduling agreement covering more than $5bn of bank debt falling due this year, as well as commitments by creditor banks to maintain short-term credit lines to Brazil, will mark the completion of the multi-billion dollar debt rescue package launched for the country at last year's IMF annual meeting.

STERLING gained 45 points to close at $1.407 in London. It also rose to SwFr 3.15 (SwFr 3.145); Y329.5 (Y328.5) and FFr 12.12 (FFr 12.09), but was unchanged at DM 3.96. Its trade weighting was up at 82 (81.8). In New York it closed at $1.4030. Page 35

DOLLAR lost ground in thin trading in London, closing down at DM 2.8125 (DM 2.821), SwFr 2.2375 (SwFr 2.2415), Y234.05 (Y234.15) and FFr 8.6175 (FFr 8.62). Its Bank of England trade-weighted index was 131.5 (131.8). In New York it closed at DM 2.8185; SwFr 2.2462; Y234.25 and FFr8.6125. Page 35

LONDON: FT industrial ordinary index fell 5.4 to 835.1. Government securities showed marginal falls. Report, Page 29; FT Share Information Service, Pages 30-32

WALL STREET: The Dow Jones industrial average closed down 2.20 at 1,229.69. Report, Page 25; full share prices, Pages 26-28

TOKYO: Nikkei Dow index rose 44.56 to a record 10,179.65. The Stock Exchange index also hit a high, rising 3.33 to 771.97. Report, Page 25; leading prices, other exchanges, Page 28

GOLD rose $0.75 to $367.375 in London, by $0.75 to $367.25 in Frankfurt and by $0.5 to $367.25 in Zurich. In New York the Comex January settlement was $366.30 ($367.2). Page 34

SOUTH AFRICA'S gold production rose to 679.5 tonnes in 1983 from 664.2 tonnes in 1982.

ARTHUR BELL, Scotch whisky distillers, looked set to take control of Scottish hotel group Gleneagles after an improved bid valued the company at £27m ($19.28m).

PENN CENTRAL, New York-based conglomerate, reported an 85 per cent drop in net income for 1983 to $19.7m after writing off $113.8m on several unprofitable ventures.

UNITED AIRLINES, largest U.S. domestic carrier, and Delta, sixth largest, reported strong quarterly gains after improved operating conditions and a growth in traffic. Page 17

PORTUGAL threatened to withdraw its application to join the EEC if it does not receive a favourable reply from Brussels by early summer.

SOUTH AFRICAN subsidiaries of Nissan, Ford and Sigma made 2,000 workers redundant after an assessment of the motor industry's immediate future. Page 18

IRISH gilt market took a battering as investors reacted to budget proposals to close tax loopholes on the sale and transfer of securities. Page 36

AT&T, U.S. telecommunications group, announced an 18 per cent fall in net earnings for 1983 to $5.75bn and a last quarter extraordinary charge of $5.5bn in figures distorted by the January 1 break-up of its operations. Page 17

NORSK DATA, Norwegian minicomputer manufacturer, reported pre-tax profits up at NKr 135m ($17.12m) compared with NKr 70m last year. Page 17; Lex, Page 16

Regan pleads for urgent action to tackle U.S. deficit

BY STEWART FLEMING AND REGINALD DALE IN WASHINGTON

Mr Donald Regan, U.S. Treasury Secretary, warned yesterday that huge federal budget deficits could be potentially harmful to the economy as early as next year.

Moving swiftly to reinforce President Ronald Reagan's call in the State of the Union address for urgent action to begin to tackle the budget deficit problem, Mr Regan challenged congressional Democrats yesterday to respond positively, saying: "Everything is negotiable."

Discussing the deficit on U.S. television, Mr Regan said of the President's proposal that Congress and the Administration jointly work out some initial budget cutting measures in the next few months: "What we are asking for is a down payment. We are not asking for mammoth cuts of say $200bn in one year. What we are asking for is the down payment of say $10bn, $15bn or $20bn in one year, going *on out into the second or third year* where it will be $50bn or $60bn."

Following up later yesterday in testimony about the state of the economy to the congressional joint economic committee, Mr Regan said: "Large federal budget deficits are potentially harmful as the economy approaches full utilisation of its real and financial resources. Difficulties would indeed arise if the federal deficit were to remain very *large at a time when private demands* for credit were also high and rising.

"This appears quite unlikely to be the case in 1984 and may not be in 1985, but the risk is there and should be avoided," he said.

The new urgency which the Administration is injecting into its approach to the deficit issue contrasts with its decision not to propose major budget cutting or revenue raising proposals in its forthcoming budget message to Congress for fiscal year 1985. What is no less striking is that Mr Regan, most closely *identified in the public eye as the man who has been arguing that* high deficits are not a major cause of high interest rates, is also backtracking.

In his testimony, Mr Regan painted a bright picture of the short-term outlook for the U.S. economy. He also said he expected industrial *growth* in the industrial countries of the world would hit 4 per cent in real terms this year – and even excluding the U.S., would average *around 3 per cent.*

Meanwhile, President Reagan followed up on his State of the Union address with virtually a repeat performance planned for a business audience at a "Spirit of America" rally in Atlanta – widely regarded as the first campaign trip of his 1984 re-election campaign.

Mr Reagan, who is formally to announce his re-election plans on Sunday night, told Republican leaders to resurrect the question he asked Americans with devastating effect against President Jimmy Carter in 1980: "Are you better off than you were four years ago?" This time the White House is confident that the answer will be "Yes".

Reactions to the State of the

Continued on Page 16

Reagan lays foundations for presidential campaign, Page 4; Editorial comment, Page 14

GrandMet to sell tobacco group to managers

By Charles Batchelor in London and Paul Taylor in New York

GRAND METROPOLITAN, the British-based brewing, hotels and leisure group, plans to sell Liggett & Myers Tobacco Company, its highly profitable U.S. subsidiary which makes the Chesterfield brand of cigarettes, to the U.S. company's management.

GrandMet said *discussions* were in too early a stage to put a price on the sale but the businesses involved made gross operating revenues of $80m in 1983 on sales of $562m. They contributed 40 per cent of GrandMet's profits from consumer products in the U.S.

Mr Stanley Grinstead, GrandMet chairman, said: "The company has operated very satisfactorily but it is a question of longer-term strategy. We want to re-invest in the field of consumer products such as food and drinks and consumer services in the U.S." GrandMet acquired Liggett & Myers in 1980 for $590m but there was speculation at the time that it would not retain the cigarette operation. Despite the profitability of cigarettes it won Liggett against opposition from Standard Brands, the U.S. tobacco group. Many tobacco companies expect markets in the developed countries to decline.

"Before we bought the company they had negotiated several times themselves with potential purchasers. We are following a well-trodden path," said Mr Grinstead.

The 10-man team of top Liggett managers is headed by Mr K. Van Dey, junior, president and chief executive officer of the cigarette business.

Liggett is based in Durham, North Carolina, and makes the L&M, Chesterfield, Lark and Eve brands of cigarettes as well as a very successful line of "generic" cigarettes, sold in plain white packets without a brand name.

The buy-out includes a Brazilian company which processes leaf tobacco for sale in the world markets. GrandMet's chewing and smoking tobaccos produced by the Pinkerton Tobacco Company are not included.

GrandMet said talks had been going on for only a few days and were expected to take several more months. Apart from the senior management, part of the deal would be a stock ownership plan for the rest of the employees who number several hundred.

Liggett will retain its existing pet foods, soft drinks, wines and spirits and sporting goods businesses.

EEC extends steel regime to end of 1985

BY PAUL CHEESERIGHT IN BRUSSELS

EEC INDUSTRY ministers agreed yesterday to maintain strict production controls over Community steelmakers until *the end of 1985. In a* separate move, the British Government sought authority from the European Commission to continue subsidising the British Steel Corporation until the group's industrial and financial restructuring plan has been approved, probably next autumn.

The industry ministers met in Brussels with two deadlines looming on January 31. First, the practicalities of the crisis scheme for the steel industry expire on that day. Second, EEC governments have by then to submit restructuring plans for their steel industries by that date in order to receive Commission approval for the grant of subsidies.

The programme for managing the steel industry was secured after the Italian Government first modified its claim for an additional quota of 1.2m tonnes of steel production a year and was given assurances of flexibility in the system.

What the Italians demand could be accommodated, Mr Norman Tebbit the British Trade and Industry Secretary said. "It does not mean a cutback of other quotas."

The final Italian demand was for an extra production quota of 500,000 tonnes and a degree of flexibility for its exports, principally to the Soviet Union. The latter was granted by the other nine countries. Italy will probably turn to the European Court of Justice in an attempt to prove its right to 350,000 tonnes of quota, but is evidently prepared to seek the balance from the margin of spare quotas allowed in the system.

The object of the production quotas is to provide market stability while steelmakers adjust their capacity to demand. But the system has been jeopardised by national demands for extra quotas, most recently and stridently from Italy.

The Ten aim to cut their steel capacity by 26.7m tonnes and have their industries operating without subsidy by the end of 1985, when the quota system expires.

Earlier, Viscount Davignon, the European Commissioner for Industry, told EEC industry ministers in Brussels that the overall demand for steel was likely to increase by only about 1 per cent by the end of 1985.

That is a slight increase on Commission projections but still empha-

Continued on Page 16

BSC and TI merge tube operations, Page 16; EEC seeks steel talks with U.S., Page 5

London stockjobber in Morgan Grenfell talks

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

MORGAN GRENFELL, the British merchant bank, has held talks with Wedd Durlacher Mordaunt, one of the largest stockjobbers or market makers on the London Stock Exchange, in an attempt to establish a commercial link.

Both Morgan Grenfell und Wedd Durlacher are in talks with a number of other parties and no deal has yet been finalised.

Their talks mark the latest in the series of planned alliances between banks, securities firms and other interests triggered by the proposals to reform the stock exchange and to allow greater outside participation.

If Morgan were to forge a link with Wedd Durlacher it would be the third merchant bank to form an alliance with a stockjobber. So far Mercury Securities, the parent company of merchant bank S.G. Warburg, has taken a 29.9 per cent shareholding in Akroyd & Smithers, while N.M. Rothschild has taken a similar stake in Smith Bros, another influential jobber.

Although Morgan Grenfell has had talks with a number of brokers it would prefer to form a link with a jobber. Like most merchant banks it fears that if a bank were to control a broker, the broker's merchant banking clients would drift away because of the link with a competitor.

Wedd Durlacher is keen to take advantage of the new liberalisation of the London exchange's rules on international dealerships. Under the new rules, members of the stock exchange are to be allowed to create international dealing subsidiary companies, with limited liability, which will allow outsiders to inject capital and brokers to form links with jobbers.

Wedd Durlacher is keen to form a link with a single partner rather than go down the same route as S.G. Warburg and Akroyd which formed a link with Rowe & Pitman, a major broker, to establish an international dealership.

Morgan Grenfell has been holding talks with a range of concerns, including brokers, and is still exploring a number of alternatives. It *is still considering developing its* own international operations without forming a link with a partner.

But with most merchant banks intent on turning themselves into American-style investment banks they are still looking at the possibility of forging a link with a securities firm.

Brussels questions French meat curbs

BY IVO DAWNAY IN BRUSSELS AND DAVID HOUSEGO IN PARIS

THE EEC Commission yesterday asked the French Government to clarify its decision to limit the number of frontier posts through which meat imports will be accepted.

Officials said the Commission would be obliged to press France to revoke the order if it was judged to be a restraint on trade.

Last year, however, France was allowed to reduce the number of border posts accepting milk and other farm produce from 400 to 100.

The French argued then that the posts left open were the main points of entry and that the step was necessary to rationalise the monitoring of health regulations.

Paris has not yet notified the EEC Commission of the decision taken by the French Cabinet on Wednesday. The French Government is due today to announce details of the reduction in the number of frontier posts through which imported meat can be brought.

Yesterday Breton farmers suspended their disruption of rail traffic and removed the barriers they had placed across the tracks in Brittany. This "ceasefire" followed Wednesday's announcement by the Government of measures to stabilise pork prices and to protect the domestic market.

As a result of the measures, pork prices rose dramatically on the Breton market yesterday afternoon. Confirming the farmers' general approval of the Government's new policy, M François Guillaume, head of the national farmers' federation, said the measures would bring "a durable if not definitive solution" to the crisis over pork in Brittany.

Vatican bank may seek loan to fund Ambrosiano claims

BY JAMES BUXTON IN ROME AND ALAN FRIEDMAN IN MILAN

THE Vatican Bank, the Istituto per le Opere di Religione (IOR), which figured prominently in the Banco Ambrosiano affair, is believed to be exploring prospects in London for a loan of well over $200m.

If the loan goes ahead, the money would be used towards settling claims relating to the collapse of Ambrosiano, including those from 88 foreign creditor banks which lent $450m to Banco Ambrosiano Holding (BAH) of Luxembourg, the bank's offshore holding company.

Senior bankers in Rome and London yesterday said they thought the IOR would shortly seek a loan of several hundred million dollars, of which some $230m could then be channelled back to meet Ambrosiano creditors' claims. This could constitute part of a larger sum now expected to be paid to creditors of the failed Banco Ambrosiano, as part of a general settlement.

According to bankers involved in the complex negotiations between the creditors, liquidators of Ambrosiano and the joint commission set up between the Vatican and the Italian Government, the IOR is continuing to insist that any payments it might make would not be accompanied by any admission of responsibility.

It was not possible yesterday to obtain any confirmation from the IOR in Vatican City. The IOR directly owned two, and indirectly owned another eight of the dummy overseas companies to which Banco Ambrosiano lent $1.3bn. But it has always denied any responsibility for their liabilities.

Speculation has been running high in Italy this week over the exact timing and terms of a settlement of the Ambrosiano claims. Bankers point out that once Euromarket creditor banks agree to a settlement of the long-running Ambrosiano dispute, it could be easier for Italy to go ahead with any major borrowings it might have in mind for 1984.

Final agreement over an IOR contribution seems to be only a few weeks away, though the 88 BAH creditor banks have yet to receive a formal proposal.

Two events during the next fortnight will punctuate the nearly-concluded discussions: one is a meeting of the 88 creditor banks' steering committee, scheduled for early in February, and the second is the February 11 date for the initialling of Italy's revised concordat with the Vatican, covering the entire range of their relations.

Representatives of the 88 foreign creditors of BAH in Luxembourg, now being managed by London accountants Touche Ross, are believed to be near to securing a settlement in the region of 60 to 80 per cent of the $450m which BAH defaulted on in 1982. A key part of the funds, around $100m, is expected to come from the sale of BAH's majority stake in the Lugano-based Banca del Gottardo. Agreement on this sale is expected early next month.

According to the proposal now being discussed, some, though not all, of the money to be borrowed by the IOR could go towards an initial payment to the 88 creditors of BAH Luxembourg.

CONTENTS

Revitalised Right welcomes election fever

ELECTION FEVER has come early to France. The skirmishing over the "oil sniffer" affair and the volley of abuse exchanged between the Government and Opposition over the past few weeks have given a foretaste of the battles in store in the run up to the European elections in June and the National Assembly poll still two years away.

The Right believes itself to be prepared. Its private soundings give it a substantial majority in the country, and it has been busily rewriting its electoral programme.

Quarrels still remain over the leadership between former President Giscard d'Estaing, M Raymond Barre, his one-time Prime Minister, and M Jacques Chirac, now Mayor of Paris and head of the neo-Gaullist RPR. The quarrels will substantially affect what the Right would do if returned to power. But for the moment the emphasis is on demonstrating that it has thrown of its old clothes and now appears on stage transformed.

"There has been a total change in attitudes" on the Right since its defeat in 1981, says M Alain Juppe, M Chirac's spokesman on finance and one of his brightest lieutenants. The new French Right is more market orientated and more tenancious in its belief in profit and individual initiative than the monarchist-style system run by former President Giscard and his technocrats: it favours minimising state intervention and maximalising decentralisation: it wants more freedom in education and public broadcasting: and it has found new gods in Mrs Thatcher and President Reagan.

The new ideas have gained strongest hold among the younger generation of politicians such as M. Juppe, M. Francois d'Aubert, one of the Opposition economic team in the National Assembly and M. Philippe Seguin, deputy for the Vosges and a former official in M. Raymand Barre's office when he was Prime Minister.

The ideas have been debated in newly formed political clubs or pressure groups such as the "reformist" movement of M. Lionel Stoleru, a former junior Minister under M. Giscard: and they have spawned a hot of new books and pamphlets.

The main emphasis is now on pushing back the frontiers of state power which the Right now recognises were much expanded by Presidents de Gaulle, Pompidou and Giscard "The centralising of state power was every bit as great under Pompidou and Giscard as it is under Mitterrand," said the anonymous critic "Caton" in his book "De la Reconquete" (Reconquest).

Caton was adopted by the Right as a kind of intellectual spokesman until he unmasked himself recently as a journalist of "liberal socialist" views.

M Giscard himself has recognised that there was excessive intervention under his Administration and that its "tentacles" were too widespread. What "opened our eyes" to the dangers, says M d'Aubert, was how the Socialists exploited the state's power and minimised initiative.

How far and where to push back the frontiers of the state remains a matter of debate. Almost all are agreed on the need for denationalisation particularly of the banking sector.

NEWSPAPER FANS 'OIL SNIFFER' CONTROVERSY

THE CONTROVERSY over the "il sniffer aircraft" revived yesterday with allegations in the daily Liberation that some FFr 220m (£18.3m) had been "misappropriated," writes David Housego.

The newspaper bases its charges on an examination in the Belgian Auditing Centre of the accounts of the two companies set up by Count Villegas, the Belgian associate of the Italian inventor of the "sniffers." The invention was designed to locate oil fields by radar tracking from the air.

Liberation claims that the documents show that at least FFr 200m of the funds devoted by the Elf petroleum group to the invention was misappropriated. The charge was immediately challenged yesterday.

Many would include companies like Renault, nationalised by de Gaulle and which has been regarded as untouchable. One of the gains for M Stoleru of the Left's victory in 1981 is that it has enabled the right to brush away Gaullist taboos in economic or foreign policy.

The RPR is officially committed to transferring the bulk of the nationalised companies to a new holding group before their disposal. M d'Aubert believes this would be repeating the mistakes of the Socialists, however. He favours a more pragmatic approach that would also privatise such "dinosaurs" of the French economy as the state controlled advertising group Havas and leave the Bank of France more independent of the Treasury. M Juppe emphasises the need to put competent people in to run the companies at first.

M Stoleru's group has drawn up a list of the actions a Right-wing Government should take on returning to power. It includes dismantling exchange controls and freeing industrial prices (on which most of the Opposition would be agreed) and a temporary floating of the franc.

It would also include the almost revolutionary step for France of decentralising the education system, by placing schools under the control of local authorities, and of "privatising" the state-run television and radio network.

Most of the Opposition would want to move more cautiously than this, but in the same direction. M Juppe is highly critical of France's centralised education system. While one Ministry believes it can manage it, he says, "there will be neither innovation, efficiency nor quality."

Contrary to their counterparts in Britain and the U.S., the new French Right is hesitant over cutting the welfare state. M Barre says that there would be no question of a future government casting doubts on "the fundamental social gains of the last 30 years" and says the emphasis would have to be on "national solidarity." Given the backlog of debt the Right would inherit, he is also reticent of making rash promises over cutting taxes.

But the Centre and Right in France is no monolith. It spans a host of movements from liberal conservatives to those who believe that the Socialists and Communists have no legitimacy as a government

M Alain Duhamel, a political commentator, divides them into two camps. In one, he puts the "Bonapartists," headed by M Chirac, who have a "taste for order and authority," are nationalistic and have strong backing in the countryside and with provincial shopkeepers.

In the opposite camp he puts the "Orleanists" of whom ex-president Giscard and M Barre are members—a mixture of Christian democrats and radicals, of conservatives and convinced modernists, of liberals and reactionaries of the extreme Right.

The distinction helps explain both the difficulties the Right has in agreeing to a common programme and the quarrels among its leaders. For in the last resort, the intellectual debate over what the Right should do in office is overshadowed by the rift over whether M Chirac, M Barre or M Giscard should lead them.

David Housego

GONE BEFORE: Repentant interventionist Giscard (left) and former President Pompidou (centre) and de Gaulle

McDonald's returns to the Paris boulevards

By Paul Betts in Paris

McDONALD'S IS making a comeback in Paris at a time when the fast food business is enjoying a boom in the city of light and haute cuisine.

The U.S. hamburger giant is opening today the first of what it calls a new generation of family restaurants in the busy Boulevard Montmartre with all the hoopla befitting a company that has sold 40bn hamburgers since it was founded nearly 30 years ago.

The stakes are high for McDonald's which has never had a happy time in Paris.

Indeed, for the past 12 months the name McDonald has been conspicuous by its absence.

The company franchised a certain Mr Raymond Dayan in the early seventies to open a number of restaurants in Paris. But the relationship soured when the U.S. company charged him with not maintaining his restaurants to McDonald's standards.

There followed a long law suit which was finally resolved in a Chicago court in 1982 in favour of the U.S. company.

McDonald's removed all names and references to the company from the franchised operation in Paris and set to work to catch up the time lost to its rivals, including the U.S. Burger King chain, on the flourishing Parisian fast food market.

M Dayan renamed his restaurants O'Kitch.

McDonald's has selected a block of the Boulevard Montmartre where there are already 27 other fast food establishments. It is an unusually stylish two-storey establishment which attempts to be as French as a McDonald's could possibly be.

The result, with granite bistro tables, Art Deco lighting, and lush plastic plants, is McDonald's idea of a hamburger Maxim.

"We have made a concession to the French taste by installing loose chairs for the first time in a restaurant," explained Mr Jeff Franklin, the European marketing director.

He explained that they were trying to create a unique image of a fast food chain concentrating essentially on families and children.

At the preview of the new restaurant yesterday, the colourful, heavily made-up Mr Ronald McDonald was wheeled out. He is the resident "McDonald's ambassador of fun" who visits hospitals and schools.

Mr Thomas Allin, McDonald's managing director in France, said the new Parisian restaurant would offer a limited menu for the time being. "It's a bit like the U.S. menu of the sixties but we do envisage enlarging it," he said, remarking that for the time being fans of Eggs McMuffin and Chicken McNugget will have to be disappointed in Paris.

World Bank chief seeks end to 'negative transfers'

BY JONATHAN CARR IN DAVOS

THE PRESIDENT of the World Bank, Mr A.W. Clausen, has called for new efforts to stem the trend whereby developing states are making an ever-bigger transfer of resources to the high-income countries.

Speaking in Davos, Switzerland, last night, Mr Clausen recalled that in 1981 private sources (mainly banks) in the developed world had made a net transfer of $16bn in medium- and long-term lending to the developing countries.

But in 1982 the flow of funds had reversed so that some $7bn more was received by the developed world's banks than they lent to the Third World. In 1983 this "negative transfer" increased to a huge, estimated U.S.$21bn.

"Productive investment yields a return, and foreign investors should get back more than they invest," Mr Clausen said. "But it is premature for developing countries, as a group, to be transferring resources to the high-income countries on this scale."

Mr Clausen, who was speaking to more than 500 leading politicians and businessmen attending the annual European Management Forum, noted that debt rescheduling had only managed to slow the increase in debt-service payments from the developing to the developed world.

Meanwhile the commercial banks had been dramatically cutting back their lending, especially to major borrowers.

The World Bank leader also stressed that other types of medium and long-term capital flows had not grown to compensate for the fall in lending from the banks.

Direct investment by multinational companies in developing countries fell from $14bn in 1981 to $10bn in 1983. Furthermore the funding level just agreed for the International Development Association, the World Bank's concessionary affiliate, was only $9bn for three years - less even in nominal terms than that agreed for the IDA.

One consequence of the cut in bank lending and the very slow growth in development aid was that the developing world had to cut its imports, Mr Clausen noted. He stressed that if the Third World had been able to maintain its imports last year at their 1982 level, then industrialised countries would have exported more and achieved economic growth of 3 per cent instead of the 2.25 per cent they actually managed.

Nato divided over arms concessions

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

DIVISIONS are emerging within the Western Alliance on whether Nato should offer the Warsaw Pact new concessions at the Vienna talks (MBFR) on reducing conventional forces in Europe.

The Mutual and Balanced Force Reduction (MBFR) talks, a casualty of the deterioration in East-West relations last year, are to resume in mid-March following Soviet-U.S. agreement on the issue in Stockholm last week.

The decision to reopen the negotiations is provoking a lively debate on how, if at all, the 10-year-old talks can be given new life.

The U.S. State Department, recognising that Vienna will see the first concrete arms control negotiations since the breakdown in November of the nuclear missile talks in Geneva, is arguing in favour of a new approach.

Ironically, in view of the pressure which Europe exerted on the U.S. to make concessions at the Geneva Euromissile talks, some key European governments, including Britain but not West Germany, are against new moves in Vienna.

President Ronald Reagan has apparently not yet decided whether to back the State Department approach, while the overall Nato position will be determined following a review now taking place within Nato.

The MBFR talks involve 12 Nato and seven Warsaw Pact states in an effort to reduce the numbers of conventional troops stationed in central Europe.

The talks have been bogged down for 10 years over two key issues: the so-called data problem, and verification.

Both sides agree that they should each reduce their ground forces to 700,000 – or 900,000 including air forces. But while the West has so far maintained that reductions can only take place on the basis of data agreed in advance, the Warsaw Pact says (and repeated again in a draft treaty submitted last year) that verification should come after and not before reductions.

The principal reason for the Western stand has been its contention that the Pact has at least 150,000 more troops than Nato and reductions from an unverified base would be in danger of leaving that advantage intact.

However, the State Department, led by key arms negotiators and apparently backed by Mr George Shultz, U.S. Secretary of State, is urging Nato to investigate the Soviet position and to be prepared to abandon its insistence on the prior agreement on data, possibly in return for tougher verification of each phased withdrawal of troops.

Polish wage system change

By Christopher Bobinski in Warsaw

THE POLISH Parliament yesterday passed a law which shifts decision-making about pay levels from central planners to company managers. The government sets great store by this as an incentive for workers to respond to higher wages with more productivity.

But one official cautioned that bigger wage differentials could cause tension on the shop floor. A safeguard in the law against this is the requirement that all new productivity schemes must be approved by the entire workforce in factories.

At the same time, the Parliament set in train procedures to extend its mandate after the statutory four-year life of the legislature ends this March.

This is the first time since the Second World War that parliamentary elections have been delayed to such an extent.

Local elections are to be held in May. But the elctoral rules as presented to the Parliament yesterday on a First Reading would leave the composition of local councils very much in the authorities' hands.

In its latest statement, the Solidarity underground leadership has called for a boycott of the May polls. The success or failure of this will determine how soon the authorities decide to plunge ahead with parliamentary elections.

Turkish reshuffle

The Turkish Government yesterday appointed 22 new provincial governors and changed the places of 13 others, in its biggest reshuffle of top-level civil service posts since taking office more than seven weeks ago, AP reports from Ankara.

FINANCIAL Times, USPS No 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Vote muddle blocks Danish parliament

BY HILARY BARNES IN COPENHAGEN

A GROTESQUE situation has arisen following Denmark's general election on January 10 with the Folketing (parliament) unable to meet as a properly constituted body because the parties are unable to agree on who was rightfully elected.

Mr Svend Jakobsen, the Speaker, adjourned further proceedings yesterday until Tuesday, and the Government has been forced to postpone the presentation of the 1984 Finance Bill and all other parliamentary business until the election muddle has been sorted out.

With just 27 votes – at the most recent recount – giving the four-party coalition Government and its supporters a 90-seat absolute majority in the 179-seat Parliament, the committee for the supervision of election results, which has the final decision on who was elected or not, has ordered a recount of all the 119,000 postal votes cast in the election.

There is doubt about the validity of some postal votes. In some areas, local election committees approved as valid pieces of paper which just contained the name of a leading politician, although the politician was not standing in that particular constituency. In other areas, similar votes were ruled invalid.

As the committee has no power to order local election committees to make a recount, the postal votes will now have to be sorted from the bundles of voting slips stored locally.

Union challenges Madrid's public sector pay policy

BY TOM BURNS IN MADRID

THE UNION General de Trabajagores (UGT), Spain's major trade union which is closely linked to the Socialist Party, has openly challenged the Government's wage policy with a demand for salary increases in the public sector beyond those envisaged in the budget.

The UGT's revolt against its allied political party comes a week after the breakdown of negotiations with the employers' association over establishing a framework for a national pay agreement in the private sector.

A meeting of the UGT leadership on Wednesday night in Madrid endorsed a demand for an 8 per cent wage rise in the public sector despite a strict budget-imposed ceiling of 6.5 per cent. The 8 per cent demand had led to the failure of the private sector negotiations as employers had stuck by the Government guidelines.

The demand underlined a growing gulf between the UGT and the governing party prompted by the austerity programme. A Government spokesman yesterday denied there was a rift in the Cabinet over the programme but certain ministers were believed to be increasingly concerned over the growing confrontation with the labour movement.

Spurring the wage disagreement is widespread trade union hostility to major redundancies which will result from current industrial restructuring measures. A bitter statement issued by the UGT accused the Government of "arrogance" for its refusal to negotiate lay offs.

The UGT has in the past week joined forces with the Communist Workers' Commissions trade union in organising major strikes in the specialised steel sector and in shipyards that are threatened by the restructuring programme.

OVERSEAS NEWS

Latest Hong Kong talks 'useful and constructive'

THE EIGHTH round of talks between Britain and China about the future of Hong Kong was "useful and constructive," according to a communique issued in Peking yesterday.

The description follows the standard form issued after most previous rounds of talks. A ninth round is scheduled for February 22-23, writes Robert Cottrell in Hong Kong.

The two-day round, on Wednesday and Thursday of this week, was noticeable for its cordial atmosphere. It was preceded by several expressions of optimism from Chinese leaders, indicating that the two sides are now near agreement on what should happen to Hong Kong when Britain's lease over most of the territory runs out in 1997.

The talks are believed to be moving towards a solution which would see sovereignty over Hong Kong returned to China, while Peking would promise to allow an autonomous local administration to maintain a capitalist way of life.

Sidon pullback fears allayed

AN ISRAELI pullback in South Lebanon will only take place in co-ordination with the Lebanese Government and local leaders, an Israeli army spokesman said yesterday, Patrick Cockburn reports from Beirut.

The Government in Beirut is worried that the Israelis will withdraw from Sidon, the largest city held by them, in a bid to reduce their casualties from guerrilla attacks.

The growing strength of anti-Israeli forces in the region was underlined yesterday when the leader of a pro-Israeli civil guard group was assassinated outside the town of Nabatiyeh near the Israeli border.

Meanwhile, shelling continues around Beirut, but diplomats rule out any immediate major move by the Lebanese Army.

Earlier this week, the army had plans to move into the Shiah Moslem stronghold of South Beirut, but these have been temporarily abandoned.

Egypt centre stage in a new Middle East approach

BY CHARLES RICHARDS IN CAIRO

SIX YEARS ago, after his return from Jerusalem, the late President Anwar Sadat of Egypt invited all the parties to the Middle East conflict to meet in Cairo to prepare for the Geneva peace conference.

Only Israel, the U.S. and Egypt attended. Seats reserved for the Palestinian Liberation Organisation remained empty. Egypt has been bemoaning that missed opportunity ever since.

But now, hope is growing that the Palestinians and Jordanians who for so long have resisted peace negotiations, may join in. The change in approach has been heralded by three main shifts in the Middle East picture.

First, relations between Egypt and Jordan have become warmer, since Egypt recovered the last remaining part of Sinai in April 1982 from Israel under the terms of their 1979 peace treaty. There have been regular contacts between Egyptian President Hosni Mubarak and King Hussein, although formal diplomatic links have not yet been re-established. A trade protocol has been signed.

Second, the visit to Cairo in December by Mr Yassir Arafat, the PLO chairman, has absolved Egypt of blame for its alleged betrayal of the Palestinian cause, for which it has been ostracised by other Arab states.

Third, the decision of the Islamic Conference Organisation to re-admit Egypt to its ranks will once again give Egypt a voice in the international arena.

The terms of re-admission remain confused. Egypt expects clarification when an ICO mission arrives, perhaps tomorrow. One report suggests that Egypt would have to agree to be bound by the "rules, principles and decisions of the ICO," which officials say poses no problems since Egypt helped draft the rules and principles and accepts any decisions to which it was party.

Officials have made it clear that they will not accept any conditions on readmission and *Mr Arafat's decision to visit* Egypt without demanding any concessions will have strengthened Cairo's resolve.

A reconciliation was never likely during the lifetime of former President Sadat, who boasted "that Egypt could live without the Arabs but they could not live without Egypt." But President Mubarak has made the way easier. Although he has stuck closely to Mr Sadat's overall peace strategy, he has stressed Egypt's non-aligned status, maintained the special relationship with the U.S. and eschewed vitriolic attacks on other Arab leaders.

Because of the strong objections to Egypt's readmission to the ICO by Syria, Libya and South Yemen, it needed the support of a number of other Arab states plus Asian and African nations for its main backer, Pakistan's President Zia ul Haq. The Arab votes also helped Egypt to gain a seat on the United Nations Security Council last November.

The successful outcome of the summit has prompted speculation that a similar resolution might be adopted by the Arab League summit meeting in March. But whereas ICO resolutions are adopted by consensus, Arab League ones must be unanimous.

A complete return by Egypt to the Arab fold is not however necessary for Cairo to take part in meaningful peace negotiations. An announcement has already been made by President Mubarak's senior foreign policy adviser, Dr Osama Al Baz, that Egypt, Jordan and the PLO would meet in Amman in March or April to discuss peace initiatives. Dr Al Baz says they will try to forge a merger between the various Mideast peace schemes: the Reagan proposals, the Fez plan, and the French-Egyptian draft United Nations resolution.

The main aim would be for the PLO and Jordan to resume their talks broken off last April on a Palestinian representation in future peace negotiations. Egypt's presence would give continuity because of its experience in the Palestinian autonomy talks within the Camp David framework, and to discuss possible incorporation of Palestinian representatives from the Gaza strip, formerly administered by Egypt, in an Egyptian delegation.

The meeting, if it happens, will be a major advance by the Arab moderates. Each has good reason to hope for success. Mr Arafat, driven first from Beirut by the Israelis and then from Tripoli by the Syrians, realises that a negotiated settlement now offers the only hope of a Palestinian homeland.

King Hussein and President Mubarak share the view that the failure to solve the Palestinian issue is encouraging further radicalism in the region and could lead to a cycle of violence that will threaten other regimes.

Further progress is, however, fraught with obstacles. For a start, Egypt feels that only a U.S. initiative stands a chance of acceptance by Israel, and that the Fez plan has no mechanism for implementation.

Egypt wants the U.S. to make some firmer commitment, as the Europeans have done, to the principle of self-determination for the Palestinians to bridge the gap between the Reagan plan for a self-governing authority on the West Bank in association with Jordan, and the PLO demand for a Palestinian state. This, it feels, would make such an initiative more acceptable to Jordan and the PLO. In an election year this may be asking too much of Washington.

More seriously, Israel, which Dr Al Baz thinks should join the negotiations later, has rejected all new proposals and insists on sticking to the Camp David accords. It has multiplied its settlements on the West Bank and even if it did agree to talk, perhaps in a Camp David framework, only transitional arrangements would be likely to be discussed.

The moderate Arabs may find that six years after the Palestinians missed the opportunity for talks, it may now be the Israelis who refuse to take their seat at the negotiating table. *For Egypt, however, it may be* some consolation that other Arab nations have recognised the value of its position.

Controversy over Kohl visit intensifies

By David Lennon in Tel Aviv

THE controversy surrounding the state visit to Israel by Herr Helmut Kohl, the West German Chancellor, intensified yesterday, when a senior West German official reiterated that Bonn had agreed in principle to sell weapons to Saudia Arabia.

Mr Yitzhak Shamir, the Israeli Prime Minister, again took Herr Kohl to task over the possibility that West Germany would sell arms to one of Israel's enemies.

The Premier emphasised both the moral obligations of West Germany towards Israel as well as the strategic and political considerations.

He said that in the light of the slaughter of the Jews in the Nazi era, *it was inconceivable* that West Germany should sell arms which could be turned against Jews.

Herr Kohl told Mr Shamir that no decision had yet been taken and assured him that Israel's concerns would be taken into account. Any sale, he said, would be conditional on a guarantee from the Saudis not to pass the weapons on to others, such as the Palestine Liberation Organisation.

Despite efforts by the Chancellor to defuse the situation by concentrating on the point that no deal has yet been signed, it was confirmed by Dr Alois Mertes, the Deputy Foreign Minister, that West Germany has agreed in principle to sell military hardware to Saudi Arabia.

This undertaking was contained in a joint statement signed by the Chancellor at the end of his visit to Saudi Arabia in October, the official said.

He said that this was not an individual West German action, but part of a joint Western effort, which included Britain and France, to counter Soviet expansion.

Dr Mertes said that a Saudi military delegation had visited West German arms industries at the end of last year, but that so far no detailed list of proposed purchases had been submitted.

Herr Peter Boenisch, the Chancellor's spokesman, indicated that the arms sales, if they are carried through, could be regarded as a quid pro quo for a Saudi loan of $10bn and guarantees of oil supplies

Iraq to raise capacity of sole oil outlet

ANKARA — Iraq's only current outlet for its oil exports, a pipeline across Turkey to the Mediterranean, is to have its capacity raised next month as part of a project to nearly double the volume it can carry by next April.

Turkish and Iraqi officials in Ankara said the first stage of the project to raise capacity to 1.35m barrels per day (b/d) from a present 70,000 b/d was complete and tests began last week to pump crude oil through new sections of the pipeline. Capacity will be increased to 900,000 b/d early next month.

Richard Johns adds: Demand for oil produced by the Organisation of Petroleum Exporting Countries will drop to 16.8m barrels a day in the second quarter of 1984, according to Shearson/American Express analysts.

Such a rate would be only fractionally above the level achieved in the same period of last year when Opec embarked on its present output sharing agreement under a collective ceiling of 17.5m b/d.

The commodity brokers foresee Opec production *falling* by 300,000 b/d from 46.8m b/d in the first quarter.

S. Africa set for final session of all-white parliament

BY J. D. F. JONES IN JOHANNESBURG

THE final session of South Africa's last all-white parliament will be formally opened in Cape Town today.

As a result of last November's referendum of the white electorate, the coming year will bring the introduction of South Africa's "Second Republic," in which Parliament will become a tri-cameral structure comprising a white House of Assembly with the present 178 members, a Coloured House of Representatives (85 members), and an Indian House of Delegates

The new constitution offers no new political system for the 22m black majority. The 4.5m whites will maintain their numerical control in the new Cabinet system according to a fixed ratio of four; two; one.

However, the present Government led by Mr P. W. Botha, the Prime Minister, who is unanimously expected to take the new role of Executive State President, has not announced how it intends to resolve the problem created by its original offer to the Coloured and Indian communities, to decide whether they wanted their own referendum on the new constitution or whether they would instead go straight into community elections.

The Coloured parties — including the largest, the Labour Party — have said they prefer elections. They have, no doubt to the Government's relief, turned down the chance of a referendum which would probably have shown a considerable degree of Coloured opposition to the new constitution, or at least a high proportion of abstainers.

But the Indian community has split, with the South African Indian Council deciding earlier this week that it wanted a referendum while the more radical Indian parties are still debating whether to endorse a referendum, *although they have* all along said they would boycott the actual election.

One of the early announcements of the parliamentary session must, therefore, be whether the Indians or the Coloureds, or both, are to be allowed their referendum.

The decision will affect the timing of implementation of the new constitution. For example, a referendum may not be possible before about September, after the Muslim Ramadan, which would make it difficult to have the new *system* operating before next year.

Filipino constitutional poll today

BY EMILIA TAGAZA IN MANILA

FILIPINOS vote today in a plebiscite on constitutional amendments designed to settle the controversial issue of presidential succession.

But neither the political opponents of President Ferdinand Marcos, who has ruled the country for 19 years, nor the general public have shown much enthusiasm over the referendum.

The opposition's attention at the moment is focused on the election for the National Assembly (parliament) scheduled for May.

Splinter groups are squabbling over whether they will boycott or field candidates, and have presented to President Marcos some last-minute non-negotiable conditions for participation.

Some opposition groups have called for a boycott of the referendum and the parlia*mentary election, arguing* that participation would "legitimise the Marcos regime."

Even without a boycott campaign, Filipinos have generally lost interest in elections and plebiscites.

The opposition's indifference is ironic. One of the constitutional amendments re-creates the office of Vice-President as presidential successor, a post to be filled in the next presidential election due in 1987.

Should President Marcos die *before then, the speaker of the* National Assembly would immediately take over

Australian concern over tax and wage pressures

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA'S inflation rate in the 12 months to December was 8.6 per cent, about three percentage points lower than when the Labor Government won power last March.

However, there is growing concern among employers that tax and wage pressures will jeopardise business growth and recovery later this year.

In the thre months to the end of December, the consumer price index rose by 2.4 per cent.

The upturn was attributed by the Government to seasonal factors, including clothing purchases and holiday travel.

With wage increases now indexed to changes in the CPI as part of the Government's pay and prices pact with the unions, *wage earners can shortly expect* the six-monthly adjustment of 4.1 per cent.

AMERICAN NEWS

FT correspondents analyse President Ronald Reagan's third State of the Union address on the eve of an election campaign

Four main goals outlined by President

By Our U.S. Editor in Washington

PRESIDENT REAGAN, in his State of the Union address, outlined four main goals for the U.S. These were "freedom's next step"—steady economic growth, the development of America's "next frontier"—space, strengthening traditional values, and building "a meaningful peace."

THE BUDGET. Mr Reagan said: "We must bring federal deficits down, but how we do that makes all the difference." Government was still taking too much from the private sector. He rejected tax increases and significant cuts in defence spending.

Proposed structural reforms included a "line item veto," to give presidents the right to veto individual items in spending Bills and a constitutional amendment requiring a balanced budget."

He asked Mr Donald Regan, Treasury Secretary, to put forward proposals, by the end of the year, to make the tax system simpler and fairer, broaden its base and bring the underground economy "into the sunlight."

He called for bi-partisan congressional action to reduce the deficit by about $100bn (£71bn) over three years, beginning with a "down-payment" in fiscal 1985, which starts on October 1. Reductions were to be achieved by combining "less contentious" spending cuts with the closing of tax loopholes and curbs on waste and fraud.

SPACE: Mr Reagan ordered the development of a permanent manned orbital space station at an estimated cost of $8bn "within a decade." Other friendly countries would be invited to participate.

The station would serve as a national research laboratory for both government and industry and a staging base for further space initiatives.

ENVIRONMENT: A large budget increase is proposed for the Environmental Protection Agency, with research to be doubled on acid rain and fresh action against toxic wastes. He called for a $10m federal initiative to help clean up the polluted Chesapeake Bay.

"TRADITIONAL VALUES." Mr Reagan called for improvements in education, including higher standards and merit rewards for teachers, more discipline in schools, the reintroduction of voluntary school prayers and tax credits for private school fees.

He repeated his commitments to:

● Tougher anti-abortion legislation.
● A crackdown on crime, drugs, child abuse and family violence.
● Fair housing, women's rights, equitable pension treatment, child care and the enforcement of child support payments.
● Enterprise zones to create jobs and restore rundown neighbourhoods.

"MEANINGFUL PEACE." Mr Reagan called for bipartisan support to:

● Establish "a more stable basis" for peaceful relations with the Soviet Union.
● Strengthen allied relations."
● Achieve real and equitable nuclear arms reductions.
● Reinforce peace-making efforts in the Middle East, Central America and Southern Africa.
● Assist developing countries, particularly in the Western hemisphere.
● Promote "Democratic institutions throughout the world."

'Grade A actor with all the props, set and stage'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

"WHAT WE have here is Hollywood East with all the props, sets and stage. Reagan may have been a Grade B actor in California, but here he is definitely Grade A."

So Senator Ernest Hollings of South Carolina gloomily assessed the impact of President Ronald Reagan's upbeat, flag-wrapped State of the Union Address on Wednesday night.

Mr Hollings may be the least popular of the eight Democratic Presidential challengers in the opinion polls, but he is certainly one of the sharpest.

Mr Holling's comment summed up one of the biggest difficulties facing the Democrats as they enter the election year lists against a popular President whose command of the television screen is unrivalled among today's generation of American politicians.

Mr Reagan gave yet another virtually flawless performance—confident, relaxed, all-American. He produced a new American hero for national inspection and approval — Sergeant Stephen Trujillo, a medic in the 2nd Ranger Battalion, who was in one of the first helicopters to land under enemy fire in Grenada and performed valiant feats of derring-do rescuing his wounded buddies.

The assembled Senators and Congressmen gave the nervous-looking Sgt Trujillo a standing ovation as he stood modestly in the distinguished visitors' gallery next to a smiling Nancy Reagan.

It was a neat way of reminding Americans of the popular October invasion, which, in Mr Reagan's words, "set a nation free."

Applauding Reagan . . . left, Vice-President George Bush and right, House Speaker "Tip" O'Neill

Mr Reagan has now done everything necessary to lay the foundations of a campaign for a second term in the White House. Many would say he has actually been running for months.

His Reagan-Bush re-election committee is already awash with money, and yesterday he set out on what his aides are openly calling his first campaign swing—a visit to a "Spirit of America" rally in Atlanta, designed to salute private enterprise and keep the President in front of an applauding audience on network TV.

Only one minor detail remains—he still has to declare himself an official candidate. Unless the predictions of 99 per cent of the country's political experts are shatteringly confounded, Mr Reagan plans to remedy this oversight when he formally announces his intentions in a brief televised appearance on Sunday night.

On Wednesday, Mr Reagan betrayed not the slightest sign that he intended his 1984 State of the Union report to be his last. While he mainly dwelled on his past record in achieving "peace and prosperity," the address was full of pointers as to how the Republicans plan to campaign in the months ahead.

While former President Jimmy Carter claimed to have identified a deep "malaise" in America, Mr Reagan chose a theme of hope and confidence in American values and virtues.

"I've never felt more strongly that America's best days, and democracy's best days lie ahead," he said. His opening slogan "America is back" seemed tailor-made to fit on a patriotic bumper-sticker.

But Mr Reagan showed considerable awareness of his weak points. Judging by the speech, his private pollsters would appear to have pinpointed areas of vulnerability on the environment, the budget deficit, and what is generally known as the "peace issue."

Following up on his conciliatory speech towards the Soviet Union last Monday, Mr Reagan eschewed "evil empire" rhetoric and devoted a short section to a direct address to the Soviet people, in which he denounced nuclear war and asked if it would not be better to do away with nuclear weapons altogether.

Under the heading Preserving the Earth's Resources, he pledged fresh efforts to combat acid rain and toxic waste and appeared to be deliberately distancing himself from the aggressively pro-big business line of his former controversial Secretary of the Interior, Mr James Watt.

On the budget, Mr Reagan resorted to his tried technique of seeking bipartisan solutions to difficult problems. The Democrats are to be asked to share responsibility with the President and his Republicans for reducing the deficit.

For once, he refrained from blaming them for the economic woes that he inherited. It was all part of a new "softer" image designed to appeal to the centre.

But there was also plenty for the conservatives. Mr Reagan renewed his credentials on pet right-wing issues such as school prayer, crime, drugs, tax credits for private school fees and opposition to abortion.

He had the gall, in the view of his critics, and the daring, according to his supporters, to repeat his call for a constitutional balanced budget amendment—an old conservative favourite—at a time when the deficit has tripled under his stewardship.

His opponents may find it easier, however, to latch onto the points that he omitted or understated. Mr Reagan, the Democrats quickly noted, was unable to point to a single major foreign policy success.

He was, said one, the first U.S. President since Harry Truman to fail to achieve a single nuclear arms agreement with the Soviet Union.

The bitterly-debated U.S. marine presence in Lebanon was relegated to a single paragraph, a striking down-playing of the fraught issue that was immediately pounced on by Mr Tip O'Neill, the Democratic Speaker of the House of Representatives.

Liberal issues such housing, womens' rights, pensions, child care and child support took second place to the over-riding Reaganite values of freedom, strength, democracy and traditional morality.

On all these issues, the Democrats will continue to attack him. The Democratic "State of the Union" response, broadcast immediately after Mr Reagan stopped speaking, was packed with ordinary Americans concerned about where Mr Reagan is leading the country and expressing anxiety over jobs, interest rate, the environment and their children's education.

The main dilemma facing the Democrats, however, will be how far to let Mr Reagan off the hook by embracing his bipartisan approach to the deficit.

Mr O'Neill, for one, will not want to do so unless Mr Reagan first does an uncharacteristic volte-face on tax increases and defence spending. But to decline the offer could make the Democrats look as if they are shirking responsibility.

Meanwhile, the Democrats will continue to pound away at the "fairness" issue, presenting themselves as the champions of the average American and the underdog against Mr Reagan's support of the rich and the powerful.

Or, as Mr Hollings put it, after four years of Mr Reagan, "the question is, can our country and the next generation survive a second act?"

Wall Street unimpressed by deficit proposals

By Paul Taylor in New York

WALL STREET had expected nothing from the President's State of the Union speech—and the consensus view yesterday was that Mr Reagan had given nothing.

"The market had confirmed for them what they had feared," said Mr Bill Griggs of investment advisers Griggs and Santow. That is, that nothing would happen on the deficit until after the election," and even then, reduction is likely before mid-1985 at the earliest.

Generally, Wall Street economists, traders and the markets reacted with a predictable yawn to the President's message. The only real point of interest was the President's proposals for bipartisan talks with Congress aimed at a modest $100bn three-year deficit reduction plan, and even this fell far short of what Wall Street would have liked—but did not really expect—to hear.

The fact that President Reagan reportedly threw in the deficit reduction proposal at the last minute merely confirmed Wall Street's view that he does not envisage swift action on it.

"The $100bn proposal is too small," said Mr Elliott Platt of Wall Street brokerage house Donaldson, Lufkin and Jenrette. A $20bn reduction in the projected 1985 budget deficit followed by a $30bn reduction in 1986 and $50bn in fiscal 1987 "is just too small" in Mr Platt's opinion, and even this "hinges on the uncertain question of Congressional compliance."

MR DONALD MAUDE of Merrill Lynch summed up the market reaction by saying, "There were few if any surprises. It was a very political speech."

Just a few hours before the president had spoken, the equity market had taken a big tumble in the closing minutes of Wednesday's trading when a rumour swept through the market that President Reagan had decided not to run for re-election this year.

The market's reaction served to underline its support for a Reagan candidacy—both because the markets dislike uncertainty and because they fear that if Reagan did not stand, Democrat prospects would be boosted.

One of the more positive reactions to the president's message came from Mr Philip Braverman of investment advisers Briggs, Schaedle. Mr Braverman agreed that it contained no surprises, but saw the fact that there was a reference to the Federal budget deficit question as an indication that the president is at least "attaching some importance to it."

Nevertheless, he pointed out, as did others, that there was little prospect of any significant response to the President's proposals in an election year.

Mr Braverman also pointed out what he described as a "significant omission" from the president's speech—the lack of any reference to monetary policy or "any attempt to share credit with the Fed."

The market saw little else to comment upon. Despite this, market participants agreed that the president had once again delivered a "masterful" performance.

European interest in space station

By Peter Marsh

BRITAIN is to back West Germany and Italy in formulating a joint European approach to the U.S.'s overtures on building a space station for the 1990s. President Reagan, in his State of the Union speech, said the U.S. would build the $8bn station by the early 1990s. President Reagan, in his State of the Union speech, said the U.S. would build the $8bn station by the early 1990s.

Under discussion in European capitals is a plan to send a joint delegation of government officials and space engineers to the U.S. later this year.

The delegation, to be led by Herr Heinz Riesenhuber, the West German minister of research and technology, would discuss Europe's role in constructing the station.

The orbiting base, several hundred kilometres above the earth, would house scientific laboratories and prototype "space factories" for jobs such as enzyme production and materials processing.

Western Europe, together with Canada and Japan, are to be invited to join the venture.

An official in Britain's Department of Trade and Industry said yesterday that the UK would consider the invitation seriously.

But Britain will want guarantees that the space station will provide technologies useful in purely terrestrial enterprises.

Clouds over the future of vote-winning Reaganomics

BY STEWART FLEMING IN WASHINGTON

WHETHER "Reaganomics," the catch word by which the U.S. Administration's economic policy has come to be known, deserves the credit for the economic progress which has been made since the President came to power in 1981, is hotly contested.

Within the Administration itself, some top officials have not disguised their fears about the longer-term outlook.

key advisers like Mr Martin Feldstein, Chairman of the Council of Economic Advisers and Mr David Stockman, Budget director, have aired their concern in public.

Whatever the economic successes of the past three years, they say, there is a real risk that some of these gains have been bought at the cost of serious economic problems in the future due to intractable budget deficits.

Judging from the President's State of the Union message, Mr Reagan himself is growing more concerned about the political liability which budget deficits of close to $200bn a year represent.

But President Reagan is now judged by most economists to have managed the electoral economic cycle with more aplomb than his predecessors.

In glaring contrast to Mr Carter, President Reagan experienced early the cyclical recession expected during a four-year term and can now hope to enjoy the fruits of the upswing, which are likely to continue well through the November election.

The consensus prediction of leading forecasters for 1984 is for real year-on-year economic growth of 5.3 per cent, precisely the figure the Administration itself is projecting and in line with the expectations of the Organisation for Economic Co-operation and Development.

In his State of the Union address, which was praised for its quality of presentation and political subtlety, Mr Reagan treated his Democratic rivals for the Presidency to a foretaste of the figures.

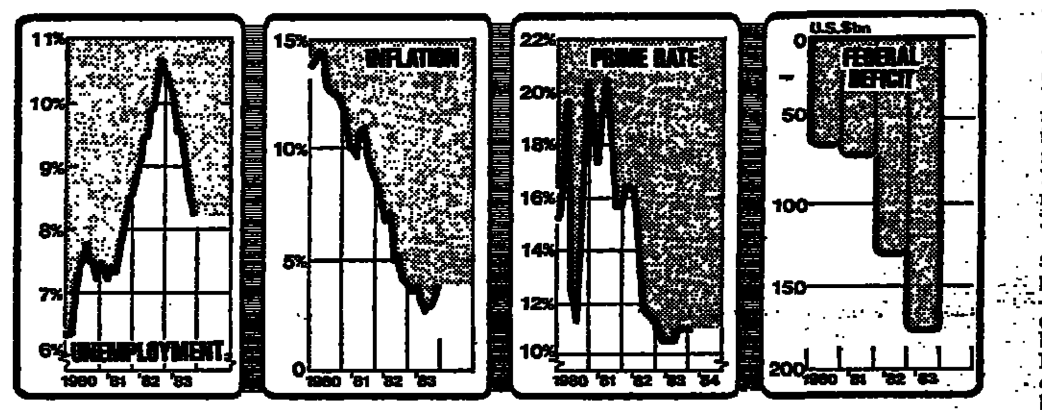
Since 1980, he said, the rate of inflation has been cut from 12.4 per cent to 3.8 per cent; unemployment has fallen from its recession peak of 10.8 per cent in December 1982 to just over 8 per cent in December last year and close to 4m new jobs have been created.

By election day, the combination of tax cuts and earnings gains which the average American has been enjoying is expected to have added some 12 per cent to real personal disposable income.

Mr Reagan's political rivals may retort that his policies have favoured the rich, that unemployment in regions where traditional industry dominates is double the national average, and that generally unemployment remains relatively high compared with much of the 1970s.

Many economists also argue forcefully that it is the tight monetary regime instituted in 1979 by Mr Paul Volcker, chairman of the Federal Reserve Board, and pursued relentlessly until mid-1982, which has both cut inflation and dampened expectation of it.

But opinion polls show that the voters are warming to the economic environment for which the President claims credit.



Mr Reagan, who put the economy first in his State of the Union address, knows how to play to his strengths. A New York Times/CBS poll published this week gave him his highest rating since April, 1981 for handling the economy. Those polled selected economic management as his greatest strength.

The average American does not, however, grasp the complex debate about the implications of the current budget deficit for future economic activity, the poll suggests. This aspect of Reaganomics is causing the most anxiety in Congress, on Wall Street and in U.S. company boardrooms.

Mr Reagan went further on Wednesday than he has done previously in signalling his concern about budget deficits, without reminding his audience that in the 1980 election campaign he roundly attacked the $600bn deficit the Carter administration ran in that year. He also then promised to balance the budget by 1984.

The President has now agreed to negotiate with congressional leaders to secure a "downpayment" on the $100bn deficit to begin in 1985. He said he had called on Mr Donald Regan, the Treasury Secretary, to prepare a study on tax reform, which is widely seen as a way of increasing taxes without raising tax rates. He also called for a constitutional amendment to require the Government to balance the budget each year. This was described by one Democrat as being rather like a husband calling for hand gun control just after he had shot his wife.

Mr Reagan is thought to have little chance of securing immediate agreement on measures to cut the deficit if only because he appears to be unwilling to curb defence spending and is still emphasising cuts in social services.

Mr Stockman, in an interview with Fortune magazine, described as "dreamers" the think there are further big cuts Administration members who to be made in social programmes, and suggested more large budget cuts may be almost impossible to achieve.

Tax reform is seen by both Republicans and Democrats as the most promising way of tackling the deficit. But reform is easy to talk about and hard to achieve in a Congress which panders to entrenched special interests.

The President's suggestions about giving him a right to veto individual spending items, rather than whole Bills, or passing a constitutional balanced budget amendment are seen in Washington as political rhetoric aimed at the electorate.

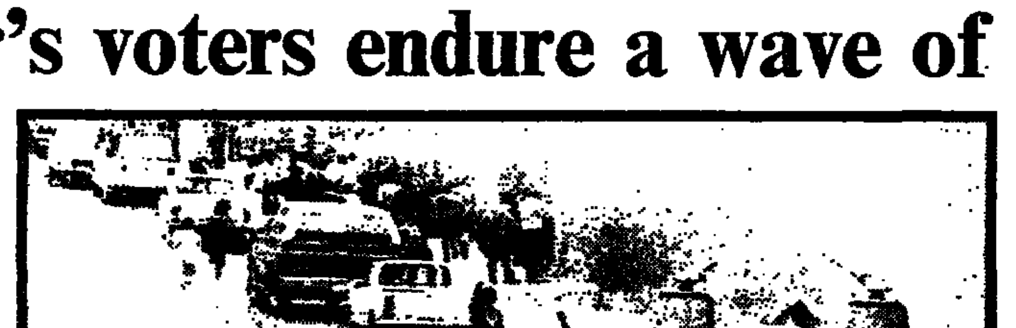
The chances are that the U.S. will have to live until after the election with the spectre of an unresolved budget problem, and hope that when the election is over the 1985 economic and political climate will favour fast action. But Wall Street's hopes for a significant decline in interest rates and a sharp gain in share prices, are already being dampened.

Sarita Kendall in Quito reviews the political climate in advance of Sunday's election

Ecuador's voters endure a wave of austerity

PARTY propaganda and confident-looking candidates have replaced cigarette and soap commercials on Ecuadorian television. Nine presidential aspirants and 17 political parties are competing for the votes of 3.7m people in Sunday's elections.

Voting will involve seven decisions for President, for congressmen, and for local government posts. If none of the presidential candidates wins an absolute majority, there will a run-off between the two leaders on May 6.



Although the candidates have devoted much television time to criticising the Government, one of the most important achievements of President Osvaldo Hurtado, who is constitutionally barred from seeking re-election, has been the consolidation of democracy in Ecuador. The last Presidential election was held under the auspices of a military regime, and the death in an air crash of the man who won it—Sr Jaime Roldos—who could easily have led to political chaos. But Sr Hurtado, the Vice-President, stepped in, and, despite weak Congressional support, managed to steer Ecuador through economic crises and violent national strikes.

Refinancing payments on the country's $6.2bn foreign debt has inevitably meant a series of highly unpopular measures to satisfy the International Monetary Fund. Subsidised fuel and food prices were raised, imports were slashed by 27 per cent during 1983, and public spending cuts made nonsense of the national development plan. After years of oil-boosted growth rates, 1983 brought a fall of 3.3 per cent in GDP, and the forecast for 1984 is only 0.5 per cent growth.

Sliding oil prices hit Ecuador just as current account and budget deficits were getting out of hand, and enforced austerity became a part of most people's lives. As Latin American leaders stressed at the Quito economic summit earlier this month, such problems are liable to endanger political stability.

The contrast between President Hurtado's cool, measured style and the aggressive rabble-rousing speeches traditional to Ecuadorean politics has never been stronger. Presidential campaigning involves zig-zagging around the provinces, haranguing meetings until hoarse, and in the week before the election, holding huge "victory" celebrations in the main cities.

Quito's imposing colonial Plaza San Francisco saw three such demonstrations by different parties last weekend, and the enthusiastic support for each seemed impressive, until one flag-waving woman admitted she had been offered a free bus ride to all of them.

Opinion polls put three candidates ahead of the field. Although Sr Leon Febres Cordero, backed by a broad Right-wing coalition, is the favourite for the first round, many believe he may be beaten in the second by Sr Rodrigo Borja of the democratic Left.

But a large proportion is still undecided, the results of polls differ widely, and past experience has shown that the outcome can be unpredictable. The third in line, Sr Angel Duarte, standing for former President Roldos's Concentration of Popular Forces, is playing on precisely these uncertainties. His slogan is "The Unexpected Victor."

Personalities appear to count more than policies or parties when choosing a President, and Sr Febres Cordero is undoubtedly a forceful figure. Identified with Guayaquil business sector, he has emphasised hard work and national reconstruction in a campaign dogged by violent incidents.

Sr Rodrigo Borja, who, together with several other candidates places himself on the Centre Left, is a university professor and lawyer. He has played an important role in preserving political sanity at times when the extremes were doing battle in Congress. Whoever wins the Presidency this time will have to forge Parliamentary alliances in order to govern.

While the Government has been accused of meddling in the election, it is inefficiency rather than fraud that seems to be the problem. A long campaign and cumbersome voting machinery has not paralysed the administration, however.

On Tuesday President Hurtado was in the Amazon region to watch the state oil corporation, Cepe, bring a new field into production and start Ecuador's first deep level exploratory drilling. Next month, Cepe should be signing at least three new exploration contracts with foreign companies — the first in many years.

The man who succeeds Sr Hurtado on August 10 will be highly dependent on oil for export income: even though Ecuador's daily production of about 250,000 barrels a day is small, it represented 68 per cent of export earnings in 1983.

Cocoa and banana exports, which plummeted because of coastal flooding last year, can be expected to recover, and the country has developed a thriving shrimp pond industry, but oil will continue to be the mainstay of the economy for some time.

Anti-satellite test attacked by Pravda

By Anthony Robinson

THE SOVIET party newspaper Pravda yesterday criticised last week's first test of a U.S. anti-satellite missile as an "irresponsible step" which will reduce the chances of reaching a U.S.-Soviet agreement to ban space weapons.

The test involved the launch of a booster rocket and unarmed missile into space from an F-15 fighter over California. It is part of an increasing effort by both sides to develop space war technology.

An unconfirmed report in yesterday's Washington Post quoted U.S. Administration sources as saying that President Reagan signed a national security order earlier this month to start a $250m to $300m research effort which will figure in the 1985 budget.

In an apparent comment on U.S. plans, Pravda said "now that a massive programme to develop anti-rocket space weapons has been undertaken on the President's own instructions the chances of reaching agreement are even further reduced."

The Soviet Union has stepped up its attacks on U.S. space technology developments since President Reagan's "star wars" speech last March in which he advocated the development of space-based high technology defensive weapon systems.

Nestlé boycott could be suspended soon

BY NANCY DUNNE IN WASHINGTON AND ANTHONY McDERMOTT

LEADERS of the international boycott against Nestlé products announced Thursday that they would recommend suspending the ban because the Swiss-based company had agreed to accept the World Health Organisation and United Nations International Children's Emergency Fund (Unicef) codes of marketing infant formula.

The recommendation is to be voted on at a meeting attended by representatives of groups in the 10 boycotting countries on February 2-5 in Mexico City. In the meantime, Infact, the major co-ordinator of the protest, has called a suspension of all boycott activities.

Nestlé, the largest supplier of infant formula in the world, has been the target of a boycott because of its promotion and marketing practices of infant formula in less developed countries.

Boycott sponsors claimed that Nestlé's marketing contributed to infant malnutrition in the Third World by discouraging mothers from breast feeding, in some instances leading to infant disease because the formula cannot be properly prepared with contaminated water.

What is in all probability the end of the 6½ year protest was announced jointly by the protest leaders and Nestlé officials. In negotiations begun in December after a chance meeting on a train between a boycott leader and a company official, Nestlé agreed to four major demands involving labelling practices, literature with warnings distributed to new mothers, the ending of expensive gifts to doctors and a limitation on the supplies of formula to hospitals.

A spokesman for the protestors estimated that the boycotters had spent about $3.5m in their campaign.

Mr Francios-Xavier Perroud, assistant vice-president of Nestlé, said the impact of the boycott was "impossible to calculate." However, Infact placed the cost to Nestlé at $40m.

Mr Perroud said: "Nestlé welcomes with satisfaction the decision to put an end to the boycott and in this they see the proof that the company's efforts to put into practice the World Health Organisation code of 1981 have been finally recognised.

"This controversy is now resolved. The moment has come for all interested parties to concentrate their efforts on solving the fundamental causes of infant mortality and malnutrition in the Third World."

Boycotting countries plan to monitor Nestlé's implementation of the agreement.

EEC to seek talks with U.S. on carbon steel trade accord

BY PAUL CHEESERIGHT IN BRUSSELS

THE EEC is to ask the Reagan Administration for talks in an effort to preserve the carbon steel trade agreement the two sides reached in 1982.

Industry ministers yesterday agreed on the need for talks following the legal action taken in the U.S. by Bethlehem Steel *to seek further restrictions on* steel imports.

The 1982 agreement controls the amount of steel EEC suppliers can sell on the U.S. market. But it contains the provision that the agreement can lapse if U.S. companies start the type of dumping and *countervailing duty actions that* prompted the two sides to sign the agreement in the first place.

As Viscount Etienne Davignon, the EEC Industry Commissioner, *told* the industry ministers, Bethlehem Steel is a party to the agreement. It is therefore necessary to take *prompt and effective* action.

The obvious step was to seek the formal consultations for which the agreement provides.

The industry ministers had no difficulty in accepting this approach because they feel that controlled access to the U.S. market is better than the uncertainty set off by the U.S. industry's readiness to use *domestic legal processes to* head off imports.

But there is increasing disquiet in the EEC about the protectionist demands building up in the U.S. and the likely response to them by the Reagan Administration.

This was expressed yesterday *in a formal statement from the* European Commission saying that if the Administration responds to the protectionist demands it will have a disastrous effect on world trade and on EEC-U.S. commercial relations.

The Commission, though, *was careful to avoid threats of* retaliation. It simply called on the Administration to honour the obligations it had taken on at the General Agreement on Tariffs and Trade (Gatt), in the Organisation for Economic Co-operation and Development and at industrialised nation economic summits.

Its concern is not only steel, but also footwear, textiles, wine and, more obscurely, machine tools, copper and cutlery.

The nature of the action on steel and footwear could result in the Reagan Administration, in an election year, taking import safeguard action under Gatt.

Our Foreign Staff considers criticism of proposed curbs on wine imports

European alarm grows over U.S. wine Bill

FRANCE'S criticism this week of the proposed U.S. Wine Equity Act is the strongest signal yet that Europe is taking seriously the threat of a trans-Atlantic wine war.

The issue has been simmering in the U.S. for nearly a year. California-led U.S. wine producers are concerned at the impact of imported wine on the domestic market, and claim that foreign, mainly European producers are involved in unfair competition.

The Wine Equity Bill tabled before Congress directs the U.S. trade representatives to negotiate the elimination of tariffs and other barriers raised by wine exporting countries. If a nation refuses after six months to lower its barriers, the *President can order the U.S. to raise* the same barriers against that country's wines.

What has alarmed many European wine interests is that suport in both the House of Representatives and the Senate might be strong enough to offset a possible Presidential veto of the Bill.

The Bill is also being seen as a further lever by other U.S. agricultural interests against the proposed imposition by the EEC on imports of U.S. maize glutens and an EEC tax on certain oils.

The U.S. wine lobby itself argues that EEC subsidies for its wine industry have risen from $60m in 1978 to $600m in 1982.

The wine dispute coincides with a range of other transatlantic trade issues. This week the U.S. International Trade *Commission was petitioned to* impose limits on carbon steel imports and to curb imports *from foreign footwear suppliers* for five years.

France's Foreign Trade Ministry this week denounced the wine Bill and said its passage would cause "reprisal measures" against U.S. imports, which would go beyond the agro-food trade. They said the French embassy in Washington would take the matter up with the U.S. Commerce Department. French wine sales including champagne to the U.S. were worth over FFr 1.8bn (£149m) in the first *11 months of 1983.*

Sig Giulio Andreotti, the Italian Foreign Minister raised the issue in a recent visit to Washington, and hinted that U.S. action against Italian wine shipments—which in 1982 totalled 2.7m hectolitres worth L336bn (£139m) — could adversely affect close political co-operation between the two countries. He said that, wine apart, Italy is a small agricultural exporter to the U.S., but is a major importer of American agricultural produce.

Spanish expert officials in *Madrid said any reciprocal* placement of tariffs on a product-by-product basis would be absurd and unreasonable. If the principle of reciprocity were to be applied to such a product as wine, then there would be no reason why the U.S. should not freely import such items as *Spanish arms.*

While just 3 per cent of Spain's wine sales are to the U.S.—worth £9.6m in the first half of 1983—the North American market is regarded as of increasing importance, particularly because the wine industry is proportionately more important in the Spanish economy than in the U.S. economy.

The European wine producing nations and the U.S. have in common some record harvest in recent years.

West German wine growers have pressed the Bonn Government to make strong representations before the EEC to head off the Bill. The U.S. market is Germany's second largest after the UK, with annual sales at about 500,000 hectolitres, is worth over DM 220m (£55m) a year.

The European wine producing nations and the U.S. have in *common heavy* and *in* some cases, record harvests in recent years. Production has outstripped domestic consumption, making the need to export more important.

Total EEC exports to the U.S., which do not include Spain, Portugal or Yugoslavia, *also major suppliers,* were worth Ecu 297.79m (£169m) in the first half of last year. The figure for the whole of 1982 was Ecu 616m, up from Ecu 370m in 1979.

The situation in the U.S. does not look like easing in the short term. Preliminary estimates *show* that the *domestic* wine market in 1983 was 525m U.S. gallons consumed, about 65 per cent of which was filled by California wines, with another 25 per cent coming from imports and the remainder from other U.S. states such as New York.

Some consultants predict, *however,* that the market could grow to 540m gallons this year, with most of the rise going to imports.

Until recently, U.S. wine production, concentrated in California, was sold almost entirely on the domestic and Canadian market. A mini-export boom, prompted by the then-weak U.S. dollar, started in 1979 with exports to the EEC worth Ecu 1.16m. These rose to Ecu 9.9m in 1982 but fell to Ecu 3.79m in the first half of last year.

Because of the importance to the Community of exporting to stem the rise in the European "wine lake," the Commission in Brussels is strongly opposed to any relaxation of present tariff rates for imports or any attempt by the U.S. to increase those on European imports.

Moreover, the Community is *certain to point out to the U.S.* that any arbitrary raising of the rates on imports would be contrary to long standing arrangements, negotiated before the Tokyo Round of multilateral trade negotiations.

The cost of Common Agriculture Policy support to the sector has now more than doubled from just under Ecu 300m in 1980 to Ecu 633m last year.

The U.S. case technically hangs on the question of subsidy, not only in the EEC but in other countries as well.

But European producers and U.S. importers argue that were it not for the trade distortions caused by the high value of the dollar, U.S. overcapacity, and abnormal fears by the U.S.trade protection lobby, the entire issue would never have arisen. Referring to these points, Sig Iezio Rivella, *head of* Villa Banfi, a U.S. company which produces in Italy said:

"The Californian producers over-invested in new plant and have now got a surplus of wine which they want to export.

"But the whole problem could be resolved if the U.S. economy grows sufficiently to push up domestic sales of wine."

Socal sells 25% of Sudan stake to Shell

By Richard Johns

THE ROYAL Dutch/Shell group has made what it describes as a "major investment" taking a 25 per cent interest in Standard Oil of California's (Socal) oil production and exploration interests in the Sudan.

Included in the deal are two oil fields discovered by Socal's affiliate Chevron Oil Company of Sudan and also its stake in the White Nile Petroleum Company. It is building a 900-mile pipeline from the Unity field in the central south of the country, which is currently under development to the Red Sea at a cost of $960m.

Shell is not disclosing how much it is paying to "farm-in" to Socal's territory and the pipeline project, but the sum is believed to amount to several hundred million dollars.

Socal obtained exploration and production rights under an agreement reached with the Sudan Government in 1975 for an area of 100,000 square miles. The U.S. major is known to believe that the acreage contains substantial oil reserves.

An indication of the scale of production envisaged is given by the fact that an ultimate capacity of nearly 200,000 barrels a day has been envisaged for the pipeline. Initially, though it will be 50,000 b/d.

Boeing moves to pre-empt Airbus long-range jet

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING OF the U.S. is moving swiftly to pre-empt the European Airbus Industrie's chances in yet another major new airliner market—for what are called "long, thin" routes, where very long-range is required with low passenger numbers per aircraft.

Boeing's current plan is to launch a new version of its existing twin-engined 767 medium-range aircraft, called the 767-300LR (for long-range). This would be better than the existing 767ER (extended-range) model, capable of flying London-Bombay, Sydney-Tokyo or Dallas-London non-stop, carrying about 250 passengers.

Currently, this type of operation is covered by the much bigger, and more expensive 400-plus seat four-engined Jumbo 747s, or by the three-engined McDonnell Douglas DC-10s and Lockheed TriStars, seating around 300-plus passengers.

The projected 767-300LR would be smaller (220 passengers) and much cheaper (with only two engines) and thus more suitable for long-range routes with low traffic densities.

A firm launch decision is likely later this year, to get the aircraft into service by 1986. The aircraft would be built on the same assembly line as the existing 767s, with only limited design changes to save time and money.

The 767-300LR would be more than competitive with both Airbus's existing extended-range A-300-300, which can carry its full load of up to about 345 passengers over 4,000 nautical miles, and the A-300-600, now undergoing flight tests, which can carry the full payload over 3,300 nautical miles.

More significantly, however, the 767-300LR would create the most severe competition for Airbus Industrie's plans to develop yet another Airbus model, the TA-11, a four-engined derivative of the current A-310 that would carry about 220 passengers over ranges of 6,000 to 7,000 nautical miles.

While Airbus Industrie has done considerable design work on the TA-11, it has not got the cash to launch it, because it is currently concentrating on the launch of the short-to-medium range 150-seat A-320.

If the A-320 goes ahead, Airbus would have to defer the TA-11. If the A-320 were for any reason halted (for lack of government cash support, for example) Airbus might be able to reconsider full-scale work on the TA-11, but would be well behind Boeing.

Japanese agree to sell pipe to Soviet Union

TOKYO — Four Japanese steelmakers have reached basic agreement to sell the Soviet Union a total of 1m tonnes of large diameter pipe, Nippon Steel, the manager of the group, said.

Shipment will start in April and be completed by March 1985, Nippon Steel said. The other companies are Sumitomo Metal Industries, Nippon Kokan and Kawasaki Steel.

Nippon Steel declined to give details, but trading sources said the price was about Y90,000 (£274) per tonne, some Y20,000 below the price the Soviet Union paid for 1m tonnes of pipe in the year to end-March 1984.

The sources said the price reduction mainly reflected a fall in the value of European currencies against the yen. West European steel mills, mainly in West Germany, are also supplying such pipe.

Reuter

Budget raised for export insurance

TOKYO — The Japanese Government has sharply increased the budget for its export insurance scheme to Y307.1bn (£935m) in the year ended March 31 1985, from Y201.5bn in 1983-84 to meet expected higher insurance payments to Japanese exporters, International Trade and Industry Ministry (Miti) officials said.

The rise, which is subject to approval by parliament, stems from the increase in insurance cover for Japanese goods sold to debtor countries, the officials said.

They declined to name the countries and figures involved.

The 1983-84 export insurance budget is expected to strike a balance, despite estimated premium revenue of only Y45.9bn, *because of reserves from the* previous year, returns from fund operations and refundings, the officials said.

Reuter

Sanyo to establish VCR factory in West Germany

BY JOHN DAVIES IN FRANKFURT

ANOTHER JAPANESE company, Sanyo, is to set up a factory in West Germany to assemble video cassette recorders (VCRs).

Other Japanese interests have already set up a large network of VCR factories in West Germany, either on their own or with local partners.

After lengthy investigation of possible sites, Sanyo has decided to invest DM 24m (£6m) in plant at Noerdlingen in Bavaria to begin making VHS units next autumn.

It hopes to lift production to 15,000 VCR's a month by autumn next year, when it expects to have about 350 employees.

Sanyo will assemble VCRs of the VHS system developed by Matsushita and Victor Company of Japan (JVC). Local work and parts will make up 25 per cent of production value initially but as much as 45 per cent by the end of next year.

The biggest Japanese VCR assembly operation in West Germany is in West Berlin, where JVC has set up a plant in co-operation with Thorn EMI Ferguson of the UK and Telefunken, which is 75 per cent owned by Thomson-Brandt of France.

The West Berlin plant produced about 240,000 VCRs last year and aims to turn out well over 300,000 this year. A plant owned by the same partners in Newhaven, England, is expected to boost its production of Beta system units considerably on last year's 200,000.

A big increase is also planned for the VCR factory operated by Matsushita and Bosch-Blaupunkt at Osterode, near the East German border. Output will more than double this year to 100,000.

Hitachi began producing VCRs of the VHS system at a highly automated plant at Landsberg in Bavaria last October and has set a target of 80,000 this year.

Contradictions in verdicts on mergers

By Tibor Barna

THERE HAS been widespread criticism of the Government's merger policy on the ground that its results are unpredictable. It has been suggested (among others, by the Financial Times) that references to the Monopolies Commission ought to be confined to those merger cases where the issue is one of competition and that other mergers be left for the market to decide. Would this solve the problem?

In this article I compare four cases which were actually referred to the Commission and where the principal consideration in the Commission's judgment was the effect of the merger on competition. The Commission's reports were published between October 1982 and August 1983.

In two reports (GUS and Empire Stores, and the double bid, by Sunlight Service and Initial, for Johnson Group Cleaners) the conclusion was against merger and in two (Nabisco Brands' bid for Huntley and Palmer, and London Brick's bid for Ibstock Johnsen) not against merger.

Is there a pattern in these conclusions? Is it possible to discern rules which would be applicable to other cases?

The traditional boundaries are breaking down

The Commission's opposition to the bid by GUS for Empire follows from its view that the general catalogue mail order market is separate from the rest of the retail market and, since GUS already had 40 per cent of this market, an increase in GUS's share through the acquisition of a competitor (as distinct from internal growth) would be undesirable. The Commission took into account that the market was already highly concentrated, with five companies being responsible for almost all sales, and that there was a marked disparity between the sizes of the companies in the market. (See table).

Customers of mail order houses enjoy a convenient service and a fairly long period of credit but the prices they pay are generally higher than elsewhere. However, it was put to the Commission that traditional boundaries between different forms of retailing are breaking down and that credit is now widely offered by retailers. It is no longer true that for certain sections of the population mail order houses are the only source of credit. Empire's share in retail sales of goods offered by mail order as well as competing forms of retailing was only 0.5 per cent, and in women's and children's wear (the category in which mail order business is most conspicuous) not more than 1 per cent.

The effects of the changing pattern of retailing appear to be reflected in the financial results of the sector: GUS, with a turnover of over £1bn, is prospering but not the other mail order companies.

The bids by both Sunlight and Initial for Johnson were also opposed because of the expected detrimental effect of either merger on competition. Six companies already held 57 per cent of the textile maintenance market and the Commission objected to further concentration. Having examined separate sub-markets, it also objected that either merger would result in the reduction of the number of potentially strong competitors in the workwear rental market by one; that the acquisition of Johnson by Initial would eliminate the possibility of increased competition in the cabinet towel market (where Initial already had a share of 40 per cent); and that the acquisition of Johnson by Sunlight would significantly reduce competition in the London linen rental market.

The chief controversy in Nabisco's acquisition of Huntley and Palmer concerned competition in savoury snack foods (mainly potato crisps) where four companies controlled near 90 per cent of a market of £570m, the largest (United Biscuits) accounting for 30 per cent. Compare this with six companies controlling 57 per cent of the textile maintenance market, worth £480m, with the largest (Initial) accounting for 20 per cent. Yet the Commission allowed a merger which gave Nabisco 43 per cent of the market in snack foods.

The note of dissent by Professor George and Mr Goodman pointed out that the merger would result in Nabisco and United Biscuits having a combined share of over 70 per cent of the market and would therefore radically alter its structure, giving power to the leading companies to raise prices and, by high levels of advertising, make entry more difficult.

The Commission suggested to Nabisco that it might exclude Huntley and Palmer's snack food business from the merger but Nabisco declined to accept this. Sunlight, by contrast, offered to dispose of Johnson's linen hire business in order to preserve competition in the London area, but the Commission did not deem this to be practicable. Johnson's turnover in the London linen hire business was £1m a year, Huntley and Palmer's in snack foods £102m.

It has been argued in fact that sub-markets in textile maintenance, such as linen hire, should not be taken separately. All major companies operate in several sub-markets, much of plant is common, and cross-entry is unlikely to be difficult. Indeed the large proportion of the textile maintenance market in the hands of smaller firms suggests that entry is likely to be easier than entry into, for example, the snack foods market which is highly concentrated.

Further, branding and mass advertising play no role in linen hire where the principal customers are hotel groups, or in workwear rental where customers include large organisations such as the National Coal Board. As an alternative to linen hire, hotels may use contract laundry services (in which competition is intense) or rely on in-house facilities. The Commission held that such substitutions are not open to all customers. While this conclusion must obviously be true, most economists would argue that for competition to be effective it is enough if only a proportion of customers is willing to withdraw its demand in response to price changes.

In contrast to its concern with concentration in textile maintenance, and the sub-markets within it, the Commission raised no objection to the proposed merger between London Brick and Ibstock which would have resulted in a further concentration of the brick industry, raising London Brick's share from 39 per cent to 51 per cent (see table).

London Brick produced almost entirely fletton bricks, of which it is the monopoly supplier, and these do not command the higher prices of other bricks which are considered to be more attractive in appearance. The Commission held that the two types of brick are sold in largely separate markets (respectively for cheap buildings and expensive buildings) and, although there is an area of competition between them, it was "unable to discover any clear evidence" on this.

No doubt this statement reflects the expert evidence of the Department of the Environment that "it was difficult to estimate precisely the extent of this middle ground." Hence the conclusion that the merger would not affect competition.

The Commission accepted the argument that an enlarged London Brick would be unable or unwilling to manipulate the prices of the two types of brick. It does not appear to have considered the possibility of cross-subsidies between facing bricks and London Brick's large output of common bricks (which are used internally and therefore compete against other building materials) even though this topic was discussed in the Commission's 1976 report on bricks and in reports of the Prices and Incomes Board.

Further, potential competition was an important consideration in objecting to the bids for Johnson, inasmuch as both Initial and Sunlight were thought to be capable of providing competition in sections of the textile maintenance market where as yet they did not have a major presence; but in the case of London Brick the Commission agreed with the company that it was difficult to expand its non-fletton production by either green-field construction or the acquisition of smaller brickmakers.

However, after the publication of the report London Brick announced that, instead of paying a higher price for Ibstock (which in the meantime improved its profitability), it was considering other means to become a substantial producer of non-fletton bricks.

Even so, London Brick's intentions could be frustrated if Hanson Trust succeeds in its bid for the company which the Government recently said it was not referring to the Monopolies Commission.

This brief survey of recent merger reports suggests that percentage market shares are not satisfactory predictors of the outcome of a Commission inquiry. First, it is uncertain whether markets are to be taken on the narrow or the wide basis. Second, it is unclear what the permissible levels of market concentration are. Furthermore, there do not seem to be uniform criteria used for the assessment of barriers to entry or of substitutability by consumers of one product for another.

The Commission offers no quantitative evidence on the substitutability between goods obtained by mail order or other forms of retailing; linen hire or other forms of obtaining clean linen; fletton bricks and other bricks. How do consumers behave if relative prices change?

There is an interesting contrast with United States anti trust. For instance, in a celebrated case* in 1953 the Court had to consider competition between Cellophane (in which du Pont had a monopoly) and other forms of flexible packaging. The Court held that: "Market control or lack of market control are ultimate facts. They are determined by fact finding processes, and on the basis of knowledge and analysis of all competitive factors which bear on a seller's power to raise prices, or to exclude competition." The judgment took account of evidence on cross-elasticities of demand.

The Commission has a statutory duty to include in its reports an account of the reasons for its conclusions "facilitating a proper understanding." Sadly, the reasoning is not always well supported, certainly not by the kind of quantitative evidence to which lawyers and economists overseas are accustomed.

An interesting contrast with U.S. anti-trust

Each of the four reports mentioned here, if read separately, leads to a logical conclusion which reasonable men would find difficult to refute. However, in each case the opposite conclusion could also have been reached had the published evidence been interpreted in a slightly different way. Perhaps a great deal more explanation is needed to convince the public that conclusions on mergers are firmly based and are compatible with each other.

The author was Professor of Economics at Sussex University from 1962-82 and a member of the Monopolies Commission from 1963-78.

** The du Pont case is discussed in The Antitrust Laws of the USA, by Sir Alan Neale.*

MARKET SHARES OF THE COMPANIES

GENERAL CATALOGUE MAIL ORDER 1981

	% of sales
GUS	40
Littlewoods	29½
Freemans	13
Grattan	9
Empire	7
Others	1½
Total	100

Source: Monopolies Commission

FACING BRICKS 1982 (Fletton and non-fletton)

	% of brick deliveries (numbers)
London Brick	39
Ibstock	12
Hanson Trust / Redland / Steetley	21
Others	28
Total	100

Source: Monopolies Commission

SAVOURY SNACK FOODS 1981

	% of sales
United Biscuits	30
Huntley and Palmer	26
Nabisco	17
Imperial Group	16
RPC Foods (now Rowntree)	6
Others	5
Total	100

Source: Monopolies Commission

TEXTILE MAINTENANCE 1981

	% of sales
Initial	20
Sketchley	11
Johnson	9
Advance	8
Sunlight	5
Spring Grove	5
Others	43
Total	100

Source: Monopolies Commission

Control Data plans fivefold increase in floppy disk output

BY ROBIN REEVES, WELSH CORRESPONDENT

THE U.S. Control Data Corporation is undertaking a £14m expansion of its computer disks and tape manufacturing plant at Brynmawr, South Wales, over the next 12 months for both home and overseas markets.

Production of floppy disks, first introduced at the plant last year, is to be stepped up nearly fivefold, from some 4m a year to between 18m and 20m.

Demand for this standard information storage device is increasing rapidly as a result of the growth in mini, personal and small business computer sales. In addition, Control Data plans to double output of rigid disks from 4m to 8m a year. This expansion includes diversification into 8in, 5¼in and 3½in disks for Winchester drives, as well as the standard 14in rigid disk.

Magnetic computer tape production at Brynmawr is also to be doubled to 5m reels a year. Production will be of both standard tape and the new Omega identity tape introduced to the market last year.

The plant's sales last year totalled £35m, of which £25m was in exports. Control Data says it expects sales over the coming 12 months to be at least £10m higher. As well as its traditional markets in Europe, U.S. and Canada, new markets are being sought in India and China.

Expansion will not require additional floor space. The Brynmawr plant was doubled in size four years ago – and given what is claimed to be the largest cleanroom facility in the world, 65,000 sq ft.

New standard proposed for company accounts

BY ALISON HOGAN

A CONTROVERSIAL requirement for most UK companies to publish two different sets of accounts, introduced by the accountancy profession in 1980, is expected to be lifted at the end of this year.

Instead, from January 1985, the profession hopes to have a new accounting standard to replace the present one on current cost accounting. It will require just one profit and loss account to be published.

The new standard, under proposals drawn up by the Accounting Standards Committee (ASC), will apply to all companies on the London Stock Exchange and the unlisted securities market. Other companies with a turnover above £25m, or a balance sheet total of more than £12.5m, or more than 1,250 employees, will also have to adhere to the standard. Small companies are excluded.

The proposals have been criticised by Mr Donald Heady, a member of the ASC, who said: "The standard should require all accounts to show the effects of changing prices, when these effects are material. The present proposals do not ensure this."

Mr Ian Hay Davison, ASC chairman, argues, however, that further research would be necessary if small companies were to be brought into the net of the planned standard.

Lex, Page 16

Lear Fan starts short week

BY OUR BELFAST CORRESPONDENT

LEAR FAN, the Government-backed company which plans to manufacture a radically new executive aircraft in Northern Ireland, said yesterday that it was to introduce short-time working. Two weeks ago it made 91 people redundant.

The measure has been forced on the company by a setback in the aircraft-testing programme in the U.S. and a subsequent decision to delay again the start of production in Northern Ireland.

The company said it planned to introduce three-day working for the 350 production workers from the middle of next month for a period of 26 weeks

UK NEWS

Civil servants in walk out over ban on unions

BY OUR PARLIAMENTARY STAFF

THOUSANDS of Civil Service staff in offices throughout Britain went on strike yesterday in protest at the Government's decision to withdraw trade union rights from workers at the secret communications centre at Cheltenham, Gloucestershire.

Mrs Margaret Thatcher, Prime Minister, defending the decision in the House of Commons, flatly denied that U.S. pressure had been responsible for the ban on unions at the Government Communications Headquarters (GCHQ) which monitors foreign radio broadcasts. But it had been done "in the interests of national security."

Shouting to make herself heard above jeering from furious Labour MPs in the House of Commons, Mrs Thatcher pinned the decision squarely on industrial action by civil servants at Cheltenham in 1979 and 1981 as part of a national dispute. Intelligence collected at the centre was so important that it had to be kept running without interruption, she said.

But many MPs believe that the Government was put under strong pressure from the Reagan Administration last year when Mr Geoffrey Prime, a former GCHQ employee, was jailed for 38 years after admitting passing on security-sensitive information to the Soviet Union over many years.

The Government recently proposed that GCHQ workers should be subjected to security screening through the use of a lie detector.

Some MPs suggested that the Prime case presaged the Government's action over trade union rights, but Mrs Thatcher said only that the events of mid-1983 had brought the centre into the open and made it right to bring staff there into line with other intelligence agencies.

Mr Neil Kinnock, Labour leader, told Mrs Thatcher: "On the subject of American pressure, I wish we had a polygraph (lie detector) here, no matter how unreliable they are."

Asked by Mr Merlyn Rees, a former Labour Home Secretary, what evidence there was that disputes had disrupted work at the GCHQ, Mrs Thatcher replied: "The evidence is that some 10,000 working days were lost... we do not know what information we lost."

Mr Len Murray, general secretary of the Trades Union Congress (TUC) is calling a special meeting on Monday to discuss the ban after giving full backing to the Civil Service unions yesterday. He said the TUC believed every worker had a right to belong to a trade union.

In the meantime, Mrs Thatcher has agreed to meet a deputation from the GCHQ unions in her capacity as head of the Civil Services.

Editorial comment, Page 14

UNIONS 'ORGANISED BUT NOT MILITANT' AT GCHQ

UK's secret listening post

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GCHQ base at Cheltenham is the hub of a chain of "outstations." They stretch from the North-east of Scotland to the South-west of England and, overseas, are sited in Hong Kong, Cyprus and Ascension Island.

GCHQ grew out of Second World War operations and its place in intelligence-gathering was secured by a U.S. and UK treaty in 1948 that split the world between the two countries for the purpose of monitoring signals.

The main work of the 1,100 radio staff at GCHQ is listening to foreign radio broadcasts. Other staff (there is a total of 7,000) decode, translate and analyse the material.

Information about the staff is difficult to obtain, but many are former service personnel. A study of some GCHQ staff by the University of Bradford's School of Studies in Psychology showed that 90 per cent were male and 72 per cent in their forties or fifties. Most enjoyed their work.

Such evidence supports the view that, contrary to some suggestions, most employees are not militant. One union official said: "They are good union members, but they have got respect for their jobs."

Trade union organisation is relatively high. Industrial action was taken during the 1979 and 1981 disputes in the Civil Service, but talks were held at local level to protect sensitive work. Industrial relations are said to be no worse than anywhere else in the Civil Service.

All employees are "positively vetted" (security investigation into their background) and all sign the Official Secrets Act. They carry colour-coded passes which allow them to enter only the building in which they work.

The main working pattern is a three-shift system, 24 hours a day. But the University of Bradford study showed that almost 80 per cent either liked or were neutral about the system, despite its social strains.

Security workers' rights restricted

BY JOHN LLOYD, INDUSTRIAL EDITOR

ALL DEMOCRATIC countries make exceptions to trade union liberties in the matter of security. If a ban on union membership were imposed at the Government Communications Headquarters (GCHQ), the UK would not be seen as significantly less libertarian than many other countries.

In the U.S., all federal employees, except the military, have the right to join a union, including staff in the security services. The scope for active unionism is limited by a no-strike pledge which, if broken, lays the worker open to criminal penalties. As Congress fixes federal wages, there is no wage bargaining.

In West Germany, the military are barred from unionisation and strike action. But the police union is affiliated to the Deutsche Gewerkschaftsbund, the unions' organisation. The association for senior civil servants, which might include non-military security personnel, is forbidden to strike.

In France, the military may neither join a union nor strike and security staff have the same restrictions. Policemen may join unions but not strike. The same applies to prison wardens.

In Italy, the military and police cannot join a union nor strike. It is likely that security personnel would have the same restrictions. Other civil servants have the right to be a union member and to strike, although a little-used law permits the Government to order a public servant to return to work.

U.S. banks to join clearing system

By David Lascelles

CITIBANK and Bank of America, the two largest U.S. banks, are going against the advice of their trade groups and will participate in Chaps, the new electronic clearing system being started by UK banks on February 9.

Although this marks a gesture of support for the troubled project, Chaps will still start with only a fraction of the 250 or so banks in the UK which could use it.

The American Banks' Association of London had advised its members to stay away because Chaps will stop accepting payments at 3pm, half an hour earlier than the existing manual system. It has also been designed in a way that forces banks to route all their clearing business through one clearing bank rather than several as they do now.

Citibank had been expected to join because of its desire to become a UK clearing bank. But the addition of Bank of America shows that US banks' objections are not universally shared.

At the latest count, only 20 or so banks, including the leading UK banks and their offshoots, said they would participate in the launch. Negotiations are, going on to sort out Chaps' problems.

COMPANY NOTICES

BRAZILIAN EQUITY HOLDINGS S.A.
Registered Office:
LUXEMBOURG, 15 rue Aldringen

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The annual general meeting of shareholders will be held at 27 Avenue Monterey, Luxembourg on 6 February 1984 at 11.45 a.m. for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of:
   (a) the directors;
   (b) the statutory auditor.
2. To approve the balance sheet and the profit and loss account for the financial year ended 30 September 1983.
3. To decide on the allocation of the unappropriated loss.
4. To discharge the directors and the auditors with respect to their performance of duties during the financial year ended 30 September 1983.
5. To approve the payment of the directors' fees.
6. To elect the directors to serve until the next annual general meeting of shareholders.
7. To elect the auditors to serve until the next annual general meeting of shareholders.
8. Any other business.

The shareholders are advised that no quorum for the annual general meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting with the restriction that no shareholder either by himself or by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part in the general meeting of shareholders of 6 February 1984, the owners of bearer shares are required to deposit their shares three business days before the meeting at the registered office of the company or with Banque Générale de Luxembourg, S.A., 27 Avenue Monterey, Luxembourg.

Bearer or registered shareholders should lodge their proxies with the company three business days before the meeting.

THE BOARD OF DIRECTORS

BRAZILIAN EQUITY HOLDINGS S.A.
PROPOSED RESOLUTIONS TO BE CONSIDERED AT THE ANNUAL GENERAL MEETING

First resolution
That the general meeting hereby receives and adopts the reports of the directors and the statutory auditor.

Second resolution
That having received the reports of the Chairman, Investment adviser and the statutory auditor, the general meeting approves the balance sheet and the profit and loss account for the financial year ended 30 September 1983.

Third resolution
That the general meeting hereby discharges the directors and the statutory auditor of any liability arising out of their term of office for the year ended 30 September 1983.

Fourth resolution
That the general meeting approves the payment of the directors fees at U.S.$4,000 for one director and U.S.$1,000 for each of the other directors.

Fifth resolution
That the general meeting hereby elects the directors of the company to serve until the next annual general meeting of shareholders.

Sixth resolution
That the general meeting hereby elects the auditors to serve until the next annual general meeting of shareholders.

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An extraordinary General Meeting of shareholders will be held at 27 Avenue Monterey, Luxembourg, on 6th February 1984 at 11.50 a.m. (or so soon thereafter as the Annual General Meeting on the same day shall have been concluded or adjourned), for the purposes of considering and voting upon the following matters:

1. That Article 7 of the Articles of Incorporation be amended by adding to it the following paragraphs:
   "The Corporation may repurchase its shares
   (a) by purchasing shares through any Stock Exchange on which the shares of the Corporation are listed;
   or
   (b) if the Corporation so determines, at a price determined by the board of directors from time to time, and, whenever such price is determined, all shareholders shall be entitled to present their shares for the repurchase at that price, provided that, if the number of shares tendered for repurchase exceeds the number of shares offered for repurchase by the Corporation, or the number of shares which the Corporation is authorised to repurchase pursuant to the limitations set out hereafter, the shares to be repurchased will be allocated among the shareholders in proportion to their shareholdings.
   The Corporation is authorised to repurchase its shares only to the extent that the amounts to be paid for repurchase shall not exceed the net surplus, reserves and profits carried forward standing in the Corporation's balance sheet at any time.
   The Corporation may resell any shares so repurchased through any Stock Exchange on which the shares of the Corporation are listed."
2. That the present share capital of the company consisting of 1,225,500 shares of U.S.$2 par value be consolidated into 612,750 shares of U.S.$4 par value.
3. Subject to the passing of resolution number 2, that
   (a) the par value of the then existing 612,750 shares be reduced to U.S.$1,
   (b) that the issued share capital of the company be reduced from the present U.S.$2,451,000 to U.S.$612,750,
   (c) that the sum of U.S.$31,466 be transferred to legal reserve, and
   (d) that the sum of U.S.$1,806,784 be transferred to the share premium account.

Shareholders are advised that a quorum of 50% of the shares outstanding is required for the Extraordinary General Meeting and that decisions will be taken by a majority of two-thirds of the shares present or represented at the meeting.

In order to take part in the Extraordinary General Meeting of shareholders the owners of bearer shares are required to deposit their shares three business days before the date of the meeting, 6th February, 1984 at the registered office of the company or with Banque Générale du Luxembourg S.A., 27, Avenue Monterey, Luxembourg.

Bearer or registered shareholders should lodge their proxies with the company three business days before the meeting.

THE BOARD OF DIRECTORS

12th January, 1984.

U.S. group loses case on use of trade mark

By Raymond Hughes, Law Courts Correspondnent

THE WORLDWIDE practice of exploiting famous trade marks by using them to sell all sorts of products came under the scrutiny yesterday of the Law Lords in London, Britain's highest court of appeal.

The case concerned the "Hollie Hobbie" trademark of American Greetings Corporation, designers and producers of greetings cards. The Law Lords refused to allow the company to register the trade mark in respect of a wide range of goods produced by other manufacturers. These ranged from toilet products to tableware and from lampshades to toys.

Lord Brightman said that "Hollie Hobbie" – a drawing of a child dressed in a pinafore and bonnet – had captured the imagination of the American public. In a commercial activity commonly called "character merchandising," the company wanted to exploit it further and had licensed its use for 12 other classes of goods under agreements giving substantial royalties.

An assistant registrar of trade marks had refused registration, but American Greetings Corporation had correctly pointed out that a number of famous trade marks – for example, as with "Coca-Cola" on T-shirts – had been registered in relation to goods that had no connection with those responsible for the fame of the marks.

Lord Brightman was quite prepared to accept that character merchandising was widespread and might well be perfectly harmless, deceiving no one. But that did not help to decide what Parliament had meant by trafficking in trade marks, which was forbidden by the 1938 Trade Marks Act.

He decided that the phrase conveyed the notion of dealing in a trade mark primarily as a commodity in its own right, and not for the purpose of identifying or promoting merchandise in which the proprietor of the mark was interested.

If there was no real trade connection between the mark's proprietor and the licensee or his goods, there was room for concluding that the grant of the licence was a trafficking in the mark.

It was a matter of fact and degree in every case whether a sufficient trade connection existed. In Lord Brightman's opinion, it did not exist in the "Holly Hobbie" case.

American Greetings Corporation's appeal against the refusal of registration was dismissed.

Aid cuts fall on regions

By Anthony Moreton, Regional Affairs Editor

SCOTLAND AND Wales are likely to suffer the biggest cuts in regional aid to result from a review of regional policy being carried out by the Government, Mr Norman Lamont, Trade Department Minister, indicated to businessmen at a meeting yesterday.

Whitehall is seeking to reduce the amount it spends on automatic development grants and selective financial assistance. In 1982-83, that amounted to £780m. This year it is expected to cost £540m.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE GROUP photograph in the 1979 Report and Accounts says it all. Smiling, the directors gaze out on what was to prove the most disastrous year in Bassett's history.

Squeezed in on the left, and smiling with the best of them, stands the newly-arrived director of personnel. Within a very few years, he will be running the company. Of the other eight directors, not one will remain on the executive board.

It was in the year to March 1980 that Bassett nearly went to the wall. Management had correctly foreseen the long-term decline in consumption of sugar confectionery, and had drawn the wrong conclusions. Rather than fortify its position in a declining market, it had opted for a flurry of diversification into unknown territory.

So, freshly armed with acquisitions in toys, oatcakes and video games, Bassett plunged to a record loss of £1.2m.

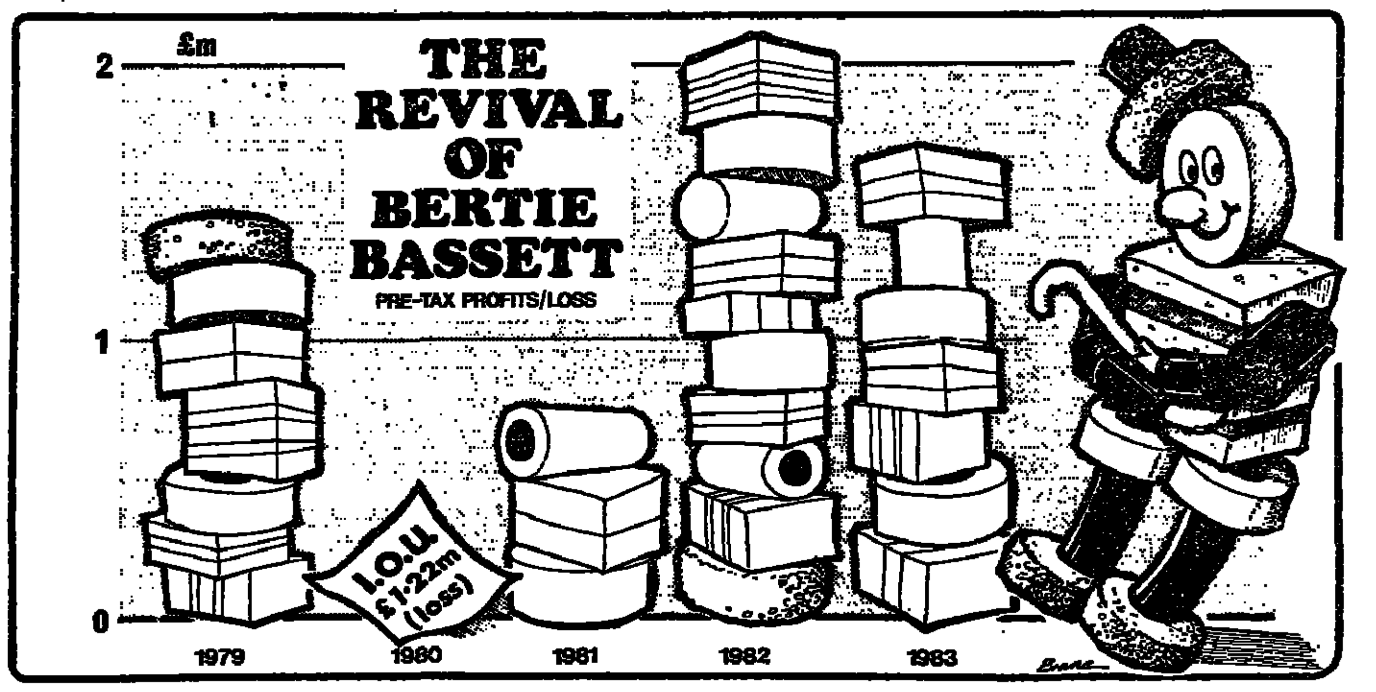
Not only the new bits went wrong.

Profits in confectionery — Bassett's business for 140 years —went badly adrift as well. The dividend was passed, the shareholders began to breathe heavily, and the palace revolution got under way. When the dust had settled, Bev Stokes, ex-personnel director, was in charge, backed by a new team from outside.

The team was not only new to the job, it was also a lot younger. Bev Stokes—ex-GEC, the electronics group, and Kraft Foods, and lately works director of the ill-fated Meccano toy company — is now 47. Finance director John Buckley —previously with Whitecroft, the textiles and engineering group—is only 35. Bruce Creed, the head of the UK division, is 37—an ex-Bassett man who had spent two years with Nottingham Manufacturing textiles group before being brought back in 1979; and Bruno Bunnick, from ITT, the U.S. electronics conglomerate, who heads the international division, is 43.

The palace revolution was costly—over £250,000 in compensation to departing directors, for instance—and there was more to come. First, the acquisitions had to be sold off, at varying degrees of book loss. Then the more obviously uneconomic bits of the basic business had to go—the transport subsidiary by sale, the Glasgow factory by closure. In the two years 1980-81, the cost of all that came to a formidable £2.7m.

Then came the hard part—to take what was left and turn it into an efficient business in the teeth of a declining market. Plainly, existing assets were not being properly employed. "Even now," says finance director John Buckley, "I don't think we make use of half our assets.



Bassett: caught on the hop?

As the UK sweets group gains ground, it faces an unwelcome bid. Tony Jackson reports

What we have is much too unwieldy."

The first priority was to modernise the manufacturing assets. For a number of years, capital spending had been low, and there was a lot of scope for cost-cutting by replacing labour with modern plant. The process is now partly complete, and as a result the Sheffield factory offers an odd contrast between old-style cottage industry and highly automated techniques. "If you look into the liquorice novelties room," says one industry analyst, "you see more than 100 women winding Catherine Wheel sweets by hand. But in the gum room you see the new machinery, with 25 per cent more capacity and 40 per cent more speed, and maybe 20 people on the whole line where there used to be 200."

The sales force, again, largely confined its attention in the old days to the CTN trade (confectionery, tobacco and newsagents). But it proved possible, 18 months ago, to form a new division within existing resources to concentrate on selling to supermarkets. And there are now plans to move into food-broking — using the sales force to push the products of other manufacturers, such as biscuit makers, who have less established links with the CTN trade.

There was one other asset being substantially under-utilised—Bertie Bassett (the company symbol) himself, and by extension the established brands like Liquorice Allsorts and Jelly Babies. Until recently, sugar confectionery suffered from the low level of marketing expenditure often associated with declining markets — whether as cause or effect, it is difficult to say. But last year, Bassett tried a test advertising campaign for its second biggest brand, Jelly Babies, in the Yorkshire/Tyne Tees area. The result, says marketing head Chris Hughes, was a volume increase of 300 per cent, with the rest of the country running out of products for the duration of the test.

Not, of course, that it will always be that simple. The market overall continues to decline, by maybe 2 per cent a year, and the competition is not standing still. As it happens, Bassett has a strong position in the two market sub-sectors where demand is holding up—one-third of group volume consists of liquorice, where demand now seems stable, and another quarter of gums and pastilles, which are actually growing by 2-3 per cent a year. But the resilience of these two sub-sectors is in itself attracting competition from manufacturers less fortunately placed.

It seems to follow that the amount of growth which Bassett can wring from its core business is limited. Beyond that the answer for Bassett as an independent entity would have to be, once more, diversification. Mention this to Bev Stokes, and one can see the experience of the late 1970s passing before his eyes.

"We're not ego-trippers," he says. "A lot of the acquisitions you read about these days are pure flights of fantasy." He agrees, though, that while there is still much to be done with the basic business, other avenues of growth would eventually have to be explored.

But not, presumably, toys or video games. "We are in the any-time eating market," says Bev Stokes, "and we will look at any areas within that market which compete with our products." For instance, since 1981 Bassett has been moving into the chocolate market—cautiously, so as not to be stamped on by the industry giants like Mars and Cadbury—and has now built up annual sales of £3m. All of that is bought in; Bassett recently tried to acquire the Huntley and Palmer subsidiary OP Chocolate, but was pipped at the post —ironically enough—by the expertly acquisitive Avana.

That instance aside, diversification plans are still tentative. Says Bev Stokes: "Any-time eating is not the outside edge, but we would travel through that market before going further afield. And in any case, it would have to be things that we can put through our own distribution channels."

Evidently, the lessons of the previous débâcle were well learnt. The basic business must be put in shape to finance diversification, and the diversification must then make logical sense. That said, the next step would represent a higher level of risk; acquiring companies is a specific skill, and Bassett's new management, unlike Avana's, is in that respect untried.

In its present form, though, Bassett is acquiring the look of a tight and well-run company. Perhaps Avana would argue that it should stay that way, concentrating on the business that it knows best as part of Avana's decentralised structure. To retain its independence, Bassett may have to convince the City that its plans for diversification are well-founded and worth the risk.

Avana 'makes money in declining markets'

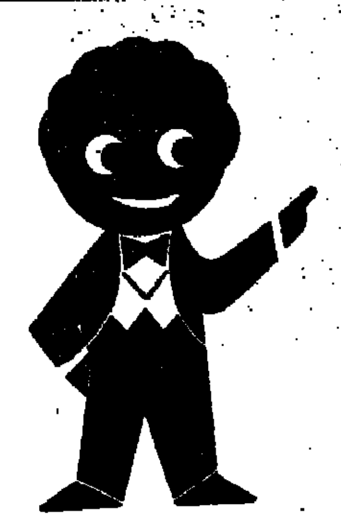
"We have acquired a company," Avana told its shareholders in 1981, "with a turnover of almost double that of Avana but with a poor profits record. We have the task of seeking acceptance of the Avana management philosophy by our new colleagues, and the signs are already apparent that they will respond."

This week, Bertie Bassett's response to Avana's management philosophy was one of outright rejection when Avana made a £17m bid for the confectionery group. So, originally, had been Robertson's, the jam-maker in 1981. But it is the success of the Robertson acquisition which forms one of Avana's strongest arguments in favour of the Bassett bid.

One of Avana's specialities has always been to make money out of declining markets. Until 1981, its business was in two areas—cakes and meat pies—which were bringing nothing but grief to most other food manufacturers. But in the five years up to the Robertson acquisition, Avana's pre-tax profits had more than quintupled to £5.3m.

The jam market, too, was and is in decline. At the time of the acquisition, Robertson was a struggling and loss-making company. But within two years, Avana's profits had surged to £12.6m; and in the current year—to March 1984 — City analysts are expecting an increase to over £16m.

For an operator in mature markets, success on this scale is not easy to explain. Certainly, part of the secret lies in the relationship with blue-chip stores group Marks & Spencer, which accounted for almost half of Avana's pre-Robertson business. Beyond that, Avana places much stress on the skilful development of new products, and above all on aggressively cost-saving capital expenditure.



Robertson's Golly joined the Avana stable in 1981

Bassett would fit fairly well into this strategy, but with one or two awkward features. The M & S connection is there —18 per cent of Bassett's total sales are to M & S, to which it is the biggest single supplier of sugar confectionery. And as to capital expenditure, Bassett would freely concede that its plant modernisation is not yet complete. Above all, Bassett fits the Avana formula of being a potentially super-efficient operator in a declining market.

Other attractions consist of Bassett's £3m worth of bought-in chocolate sales — Avana has very large capacity, through the recent acquisitions of Lesme and OP, in bulk chocolate manufacture. Another valuable asset would be the Bassett sales force, with its expertise in the CTN trade in particular. "Their sales force more than complements our own," says Avana chairman, Dr John Randall. "We have almost no contacts with CTNs at all."

Evidently, though, there is little scope for Avana's expertise in product development. "We have no grand plans for new products," says Dr Randall. "We have great admiration for Bassett's existing brands."

Bassett would appear to be a good candidate for the Avana stable, but there is one caveat. Prospects for recovery may be excellent, but the recovery is already in the hands of what appears to be an able management who have not the least wish to see the credit for it going to someone else. Dr Randall, though, remains optimistic. "I am hopeful," he says, that they will see the merits of the fit."

Management abstracts

End-game strategies for declining industries. K. R. Harrigan and M. E. Porter in Harvard Business Review (U.S.), July/Aug. 1983

Analyses the strategies of companies facing markets in inevitable decline; finds that the end-game can sometimes be very profitable, if companies ask themselves crucial questions about the nature of their industries: what exit barriers face each competitor, how the pattern of decline will affect competition, and whether the relative strengths of the competitors match the remaining pockets of demand; outlines strategic options open to companies in decline.

Organising for effective new product development. S. Sands in European Journal of Marketing (UK), Vol 17 No 4.

Points to the difficulties involved in successful new product development, and examines the advantages/disadvantages of different forms of organisation for handling it—whether centralised or decentralised, under the wings of existing departments, or under a new products organisation.

Employee communication. S. Harrison and others in Industrial Participation (UK), Summer 83

Briefly tracks the history of employee communication/consultation at Clarks (shoemakers) from 1918 to 1978, when a new approach was sought: after consultants' recommendations were all rejected a long process of consultation led to the formation of a company assembly and joint site committees. Emphasises efforts made to involve middle/junior management/unions in communication processes, and appends management/union views on the results.

Generalists and specialists. P. Murr in Management Zeitschrift (Switzerland), July/August 1983 in German, English version available)

Believes that while generalists are needed for top management positions, the advantage lies with specialists — who have developed into generalists — as their past/background ensures confidence in their abilities.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

FT COMMERCIAL LAW REPORTS

Sterling interest applicable to foreign debt

LINES BROS LTD
Chancery Division: Mr Justice Mervyn Davies: January 18, 1984

WHERE STERLING is the currency of account in a liquidation, post-liquidation interest on both foreign currency debts and sterling debts must be calculated by reference to the value of sterling as at the date of commencement of winding up.

Mr Justice Mervyn Davies so held when giving judgment for the liquidators of Lines Bros. on their claim that payment of post-liquidation interest on a Swiss currency debt should be calculated by reference to the exchange rates prevailing at commencement of winding up, and not on the dates of payment of dividends, as asserted by Lloyds Bank International.

* * *

HIS LORDSHIP said that Lines Bros was placed in creditors' voluntary winding up on September 28, 1971. The creditors included sterling and foreign creditors. They proved their debts. Lloyds was owed SwFr 18.5m plus interest to September 28 of SwFr 632,142.

In the case of the foreign currency creditors the liquidators converted their debts into sterling at the rate prevailing at commencement of winding up. On September 28 the rate was SwFr 9.836 to the pound.

In that way the company's total indebtedness was expressed in sterling. The Lloyds debt was £1,880,845.

There were five successive dividends totalling 100 per cent. Lloyds received all that was due in the winding up on the footing that its rights depended on the exchange rate prevailing at September 28. Instead of getting back the SwFr 18.5m it had lent, it got back SwFr 10.8m.

In the course of the winding up, the *Miliangos case [1976] AC 443* was decided. [It held that the Swiss plaintiff could, in an action brought in England, ask for judgment in the currency of account, which was Swiss francs. The conversion date was held to be the date when the English court authorised enforcement in sterling.]

In *Dynamics [1976] 1 WLR 757* it was held that the conversion date was the date of the commencement of winding up. The Court of Appeal approved *Dynamics* in *Lines [1983] Ch 1.*

The liquidators were left with a surplus. It was common ground that it should be used in paying interest to creditors whose debts carried interest after September 28 until payment of their principal in full.

It was also common ground that the amount of interest claimable was to be calculated in the manner approved in *Bower v Marris 1 Cr and P 351.* That meant that each dividend was to be regarded as first applied in reduction of interest with any balance going in reduction of outstanding capital.

Lloyds said that the foreign currency creditors' claims for post-liquidation interest should be calculated in foreign currency and converted into sterling only when payment was made.

If the liquidators were tied to the sterling exchange rate on September 28, the interest due to Lloyds was said to be £763,981 as at December 31 1982.

On the other hand, a *Bower v Marris* calculation conducted entirely in Swiss francs suggested, as to principal and post-liquidation interest, and taking account of fluctuating exchange rates, that Lloyds had been underpaid by SwFr 18,485,109.

Mr Stubbs, for Lloyds, submitted that the post-liquidation interest was not to be tied to the liquidation date, ie September 28.

He said that once the provable debts were paid in full the creditors were remitted to their rights under their contracts, so the post-liquidation interest was claimable against any surplus.

In being remitted to his rights under the contract, it was said, a creditor was entitled to claim against the surplus according to his contractual rights. Lloyd's contractual right was to be paid in Swiss francs. Thus such interest as was payable to Lloyds was payable in Swiss francs.

That was so (See Humber Ironworks 4Ch App 643, 646).

Mr Stubbs's proposition was that as the post-liquidation creditors had been remitted to their contractual rights, they had the advantage of the *Miliangos* decision unless there was some statutory provision, express or implied, which deprived them of that advantage. He said there was no such statutory provision.

That submission was rejected.

The Court of Appeal in *Lines* had decided that Miliangos principles did not apply to a company's provable debts in the course of a liquidation.

The question was whether those principles nevertheless applied to post-liquidation interest.

In the Court of Appeal Lord Justice Brightman said that "the just course is to value the foreign debt once and for all at an appropriate date, and to keep to that rate of conversion throughout the liquidation, until all debts have been paid in full. The loss and the benefit from changes in exchange rates will then lie where they fall."

Those words were spoken in the context of the payment of principal. They were not used in reference to post-liquidation interest.

The sentiment expressed was just as applicable to sterling and foreign creditors claiming post-liquidation interest. On the other hand, the words were not spoken by reference to claims by creditors remitted to their contractual rights.

The reasoning of the Lord Justice did not apply to such claims. A foreign currency creditor who, being remitted to his contractual rights, claimed post-liquidation interest was, if the statutory scheme [pursuant to section 33 (8) of the Bankruptcy Act 1914] was spent, entitled to ask for payment in the currency he bargained for.

He was simply asking for payment of his true debt for interest, just as a sterling creditor for interest asked for payment of his true debt.

Such interest was claimable by reference to the exchange rate prevailing at the date of the winding up. It was not claimable on *Miliangos* principles.

The main reason for that view was that Lord Wilberforce said in *Miliangos* at Page 467, that he confined his approval of the principles to where the "money of account" was not that of the UK.

In the present case the money of account had become sterling by virtue of the liquidation. In that situation the *Miliangos* principles did not apply.

Another reason was that while Lloyds, being remitted to its contractual rights, was entitled to claim post-liquidation interest according to its contract, the satisfaction of that claim must be regulated by the circumstances.

There were insufficient funds in the liquidators' hands to satisfy all post-liquidation interest claims, however such interest was calculated.

Thus, in effect, Lloyds was not remitted to its full contractual rights. It was remitted to those rights that the fund could, having regard to the other creditors, properly satisfy.

The liquidators must pay that surplus *pari passu* to the post-liquidation creditors. On equitable principles the interest payments should be proportionate to the payment of principal and so calculated by the same yardstick. That was, the price of sterling at the liquidation date, that being the rate for principal decided on by the Court of Appeal.

It followed that interest accrued after the commencement of the winding up of Lines on a foreign currency debt should be converted into sterling as at the date of the winding up.

For the liquidators: David Graham QC, Robin Potts QC and Martin Moore (Simmons and Simmons).

For Lloyds: William Stubbs QC and Mary Arden (Cameron Markby).

By Rachel Davies
Barrister

When you're building up your own business, the last thing you need is a nervous investor.

Even the healthiest business can suffer at the hands of a timid investor.

His concern for his own skin could prove fatal for a growing company.

But there's one investor you can rely on for whole-hearted support. ICFC.

We're part of the 3i group and we're the world's largest source of risk capital for small to medium sized businesses.

We also go *out of our way to do what's best for them.*

That's why, out of the 7,000 financial packages we've provided since 1945, no two have been identical. What you'll get is a solution tailor-made to promote sturdiest growth.

And the security of knowing that although all our solutions may be different, one thing always remains constant.

Our commitment.

ICFC
PART OF 3i

ICFC, 91 WATERLOO ROAD, LONDON SE1 8XP. TEL: 01-928 7822. ABERDEEN 0224 638666, BIRMINGHAM 021-236 9531, BRIGHTON 0273 23164, BRISTOL 0272 277412, CAMBRIDGE 0223 316568, CARDIFF 0222 34021, EDINBURGH 031-226 7092, GLASGOW 041-248 4456, LEEDS 0532 430511, LEICESTER 0533 25223, LIVERPOOL 051-236 2944, MANCHESTER 061-833 9511, NEWCASTLE 0632 815221, NOTTINGHAM 0602 412766, READING 0734 861943, SHEFFIELD 0742 680571, SOUTHAMPTON 0703 32044.

THE ARTS

Cinema/Nigel Andrews

Godard back to his gadfly best

First Name Carmen, directed by Jean-Luc Godard
Sudden Impact, directed by Clint Eastwood
Can She Bake a Cherry Pie? directed by Henry Jaglom
When the Mountains Tremble, directed by Pamela Yates and Thomas Sigel

Maruschka Detmers and Jacques Bonnaffe in "First Name Carmen"

25 years after baptising the French New Wave with *Breathless*, Jean-Luc Godard is still merrily in business. *First Name Carmen* comes to London carrying the Venice Film Festival Golden Lion for Best Film and trailing *nuages* of glory, critical and commercial, from its French opening. It deserves all these things. After years of shoestring sequestration in experimental TV and video film-making, followed by the phoenix stirrings of *Slow Motion* and *Passion*, this film is the first evidence of Godard's full re-emergence into "overground" cinema. And it isn't a surrender to glossy convention, but a recognition that cinema can be both complexly challenging and wittily, exuberantly communicative.

First Name Carmen starts off like *Breathless* seen through the reverse end of a periscope: a turbulent vision of the deep-sea bleeps and clankings of Monsieur G's own imagination. There is wonderful comedy here, not least in Godard's own appearances as a mental hospital patient *(sic)*, complete with stubble beard, hunted eyes and seen-better-days pyjama suit. He plays "Uncle Jean," resembling a tragic Groucho Marx, who is asked by his niece Carmen (Maruschka Detmers) to bless her new film project—built round a "real" bank robbery—and lend her his seaside flat for the length of the shooting.

There is also wonderful experimentalism in what follows: as the plot careers off into the affair between Carmen and the pursuing bank security guard Joseph (Jacques Bonaffé) who falls hopelessly, Don José-like in love with her. The couple's antics, mostly set in Uncle Jean's flat, are intercut—hold on to your hat here—with recurring footage of (i) a string quartet rehearsing Beethoven and (ii) a rolling tempestuous sea. Beethoven sounds and sea noises alternate on the soundtrack even when not accompanied by their respective images: and the film's sonic flux also includes traffic noises, seagulls, sudden silences, kitchen chaos (in the hospital scenes) and Tom Waits singing "Ruby's Arms."

In case the texture isn't dense enough already, Godard adds a lot of Godardian fun with cinema history itself. (Even the film's last line, "Cela s'appelle l'aurore," is a movie title: that of Bunuel's 1956 Mexican melodrama.) And flying through *Carmen* is a whole set of theme-and-variations on the shadow-line between art and real life, observation and action, the determinism of fiction versus the serendipity of reality. Apparently spontaneous moments turn out to be staged; video cameras and televisions lurk in every corner; and there is even a dingily mysterious chandelier cleaner—the "lux fiat" all-seeing God as spoofed by Godard?—who observes from a numinous height the last scene of gunplay and mayhem in a hotel.

Unscramble this dizzy collage and you're left, as often with Godard, with a narrative nothing-very-much. But to unscramble a collage is as pointless as to untie the strands of a Bach fugue. The expressive imbroglio is all, and *First Name Carmen* has marvellous counterpointing fun with anarchy and allegory, love and larceny, sonata form and sea music, nature and nurture. Like Woody Allen's *Zelig* it last for a mere 80-odd minutes. And like *Zelig* it's gadfly film-making at its best, swift, stinging, surreal and almost permanently airborne.

*

"Some stiff's got himself a 38-calibre vasectomy," says the homicide cop, finding a bullet-ridden body at the beginning of *Sudden Impact*. Detective 'Dirty Harry' Callahan, alias Clint Eastwood, answers merely by squeezing his eyes and wandering off to the nearby cliff-edge above San Francisco bay. With no one volunteering to further the cause of democracy by pushing him over, we duly swing into another two hours of thick-eared vigilantism as the fourth Dirty Harry unfolds.

This time a blonde female killer (Sondra Locke) is loose in California, revenging herself on the men who raped her and her little syster years before. She traces the culprits one by one and shoots them in the head after first shooting off what Spike Milligan would decorously call their wedding tackle. Will our hero, by-passing all normal police procedures as usual, get his woman? And what will be do with her when he does?

Is it my imagination or is Hollywood aiming ever lower these days (so to speak) in its cops and robbers films? When not contemplating blasted genitalia, this Eastwood-directed shoot-'em-up subjects us to dialogue vernacularly obsessed with the other side of the human anatomy. "I'll blast your ass!" says Eastwood's superior, Bradford Dillman, after Harry has stepped over protocol yet again. "Get your ass out of here!" says small-town police chief Pat Hingle later, when Eastwood arrives in Santa Cruz (here called San Paulo) to track down Miss Locke. Soon he's hi-jacking a Retirement Home coach to pursue a passing bank robber. "Shake his ass off!" cries one of the transported oldies. And eventually he falls, temporarily of course, into the hands of a gand of hoodlums. "Your ass is mine!" crie the chief hoodlum in triumph.

Are these scripts written by proctologists? I merely mention this phenomenon at some length because there's nothing else worth discussing at all in *Sudden Impact*: an imbecilic carousel of coincidences and punch-ups and gunplay whirring around the still centre of Eastwood, who is now if it's possible even leaner and more totemic than before, with an alarming set of throbbing veins in his forehead which prompt the instant thought, "Psychopath, heal thyself." There is so much impassively demented bloodshed in this film that the only way to up the ante for the next Dirty Harry epic would be for Eastwood to shoot down the entire population of West Coast America while standing still and not moving a single muscle above the neck.

*

In Henry Jaglom's *Can She Bake A Cherry Pie?* no one can keep a muscle above the neck still for two seconds. This is the world of New York kooky vivacity, where garrulous divorcee Karen Black meets even more garrulous bachelor and faddist Michael Emil, and the consequence is the most yakkety-kay romance since Blanche DuBois uncorked her Southern baroque vocabulary for Stanley Kowalski; and a lot more two-sided.

Jaglom made the whirlwind comedy *Sitting Ducks*, starring Emil (Jaglom's brother) as one half of a memorable Mutt and Jeff bank-robbing double act with Zack Norman. Here the comedy is more one-note, with Emil's anxious features, reedy mittel-European voice and loony sexual theorising being required to work overtime and pound good comic potential into the ground: though his faddism still garners the odd giggle, as when he hangs upside down outside Miss Black's house to assist his circulation or earnestly insists on monitoring their pulse rates during sex.

Karen Black's wonderfully bizarre features, like a Francis Bacon portrait that accidentally turned out beautiful, gives the movie the blast of visual charisma it badly needs. (Why does Jaglom go mad in the credit titles with a hideous stylistic jangle of zooms and tracks?) Miss Black can also, when plugged in, sing up a storm, as we know from *Nashville*; and she does so here.

National Theatre loses out on Arts Council aid

The Arts Council announced yesterday its 1984-85 subsidy to the four big national arts companies. They will receive £28,994,250 out of a total revenue of £100.5m. But behind the global sum there are painful variations.

The Royal Opera House, Covent Garden, will get £12.35m, a rise of 20 per cent on the current year; the English National Opera is in line for £5,918,250, a gain of 12 per cent; and the Royal Shakespeare Company will be 36 per cent richer with its £4.9m grant. In contrast the National Theatre receives just 2.9 per cent more at £6.756m.

The National Theatre is the unfortunate victim of the Priestley Report which last year investigated the affairs of Covent Garden and the RSC (as representative arts bodies) and found them both seriously under-funded. It recommended that the Government wipe out their deficits and earmark extra cash for them, to be channelled through the Arts Council. The ENO benefited from a special dispensation for the hard-pressed regional opera companies, which was also approved by the Government.

The National Theatre now considers that it is being victimised for its good housekeeping and is also worried that the additional cash for the other national companies will be eaten up in larger labour claims which will affect its own costs. In theory the extra money recommended by Priestley should be matched by economies in working practices.

The Arts Council is giving all its 250 odd client companies a rough 2.9 per cent increase for 1984-85 while it concludes its detailed examination of its funding policy. By 1985-86 there will be radical differences in its support. This year it is setting aside over £1m as a contingency fund for those of its worthy clients who fall into financial trouble because their aid is below the rate of inflation.

Antony Thorncroft

Martha/Sadler's Wells

Max Loppert

New Sadler's Wells Opera inaugurates its second season of existence by rediscovering one of the 19th century's most durable comic-sentimental opera favourites. In Italian translation, even more than in the original German, Flotow's *Martha* (1844) long held its place, and the favour of such stars as Patti, Mario, and Melba, as one of the mainstays of the repertory; and though that heyday is long past, it survives in the occasional favour of German audiences still.

All the same, there must have been more than one member of Wednesday night's audience able to hum the tenor aria or "The last rose of summer," and curious to examine the whole setting of which these are the two principal gems.

In the theatre (as on the good HMV recording with Rothenberger and Gedda, currently unavailable), *Martha* proves to be a blameless, harmless entertainment raised rather higher than that by the beguiling charm of its score. Flotow was Paris-trained—Kobbe, with this in mind, originally listed the work among the French—and the basis of his plot was a Saint-Georges ballet for the Opéra. Yet there is little evidence of the piquancy, either of comic fancy or of musical accent, that one associates with the lighter fare of that city.

Lady Harriet's whim of disguising herself as a servant for hire at the Richmond market is a mild plot-point, and the ins and outs of love-versus-duty are predictable; but the pleasure of hearing such a well-made score in its proper environment survives any too-easy dismissal. Flotow's knack of melody was a real one, and his placing of it in fluent stretches of solo and ensemble, quite often floating on a gentle Biedermeier current of lilting 6/8, is a mark of his craft; the borrowing of the Irish folk melody is an inspiration which does not seem less so with each well-prepared reprise. There are many sharper, brighter, musically more exhilarating comic operas of the last century, and one hopes NSWO will get round to them (*La Dame blanche*, to name just one); that does not make *Martha* by any means a waste of time.

The production is by one of the Bright Young Things of the British opera scene, Nicholas Hytner (also responsible for the witty new translation). He and designer Stefanos Lazaridis have modishly opted for the period of the composer himself rather than for that of his libretto. This entails an updating of the Queen Anne setting to the High-Victorian period (the Queen herself decends at one point from the flies), and an abundance of jokey references to the world of Samuel Smiles and self-help, of fun to be found in Victorian sententiousness.

More than one plot anachronism is risked in the result, as well as the too-ready sacrifice of *demi-caractère* sentimental charm to smart-as-paint amusement. Yet it must be said that, even where it mildly (an inevitable word, in this context) irritates, the style works brightly and vividly.

The cast is led by the NSWO *prima donna*, Marilyn Hill Smith, vocally forward, clean, and true as ever in the title role though so far missing (we may imagine) some of the romantic blandishments exercised on the title role in the past. To the prized tenor role of Lionel John Brecknock brings his reliable sense of style, if, on last night's showing, no longer much tonal caress. Of the comic characters, among whom must be numbered Roger Bryson's Plunkett and Gordon Sandison's Sir Tristram, by far the most delightful is Eirian James' Nancy, who with a flick of a wrist or eyelid conjures up hidden realms of madcap fun.

Alastair Muir

Marilyn Hill Smith and Eirian James

Arts Week

F	S	Su	M	Tu	W	Th
27	28	29	30	31	1	2

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200)

Carmen (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced-up version of his grubbier Paris Bouffe du Nord home for a fast-paced, stripped-down seven-performer, but wholly engrossing version of Bizet. (874 6770).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430)

CHICAGO

Glengarry Glen Ross (Goodman Studio): Gregory Mosher directs David Mamet's story of Chicago real estate dealers which premiered at the National Theatre in London. Here the cast includes Mike Nussbaum, Joe Mantegna, James Tolkan and J.T. Walsh. Ends Feb 26 (443 3800).

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

Candida (Goodman Mainstage): Munson Hicks, better known as an actor, adds Shaw's jaundiced view of a minister's marriage to his list of directing credits. Ends Feb 19. (443 3800)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

Woman of the Year (Opera House): Lauren Bacall plays an overbearing, ambitious woman in this thin musical that was a Tony winner in a bad year on Broadway. Ends Feb 12. Kennedy Center (254 3770)

LONDON

Dancin' (Drury Lane): Bob Fosse's answer to A Chorus Line makes Wayne Sleep and his Dash company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alwin Nikolais or even Fosse's own All That Jazz need not apply. (836 8108).

Dear Anyone (Cambridge): Jane Lapotaire, without Piaf's songs, is still a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltai's design for a newspaper office is an impressive steel astrolabe. (379 5299).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

Music

PARIS

Trio Mercier, Parrenin, Schwartz: Beethoven, Schubert, Ravel (Mon). Salle Gaveau (563 2030)

Orchestre Colonne conducted by Pierre Dervaux with Jean-Pierre Rampal and Alexis Weissenberg: Mozart, Beethoven, Ravel (Mon). Salle Pleyel (561 0630)

Ensemble Intercontemporain conducted by Jean-Claude Pennetier: Stockhausen, Xenakis, Reverdy, Messiaen (Mon). Theatre de la Ville (274 2277)

Berlin Symphony Orchestra conducted by Hans Peter Frank: Strauss, Matthus, Brahms (Mon, Tue). Theatre des Champs Elysees (723 4777)

Nouvel Orchestre Philharmonique conducted by Jacques Mercier: Roussel, Poulenc, Fourchotte, Milhaud (Tue). Radio France Grand Auditorium (524 1516)

Ashkenazy, piano: Schubert Schumann (Tue). Salle Pleyel (561 0630)

Ensemble Orchestral de Paris – Chamber music: Ibert, Jolivet, Saint-Saens, Debussy, Ravel (Wed). Salle Gaveau (563 2030).

Orchestre de Paris conducted by Eugen Jochum, Yo Yo Ma, cello: Weber, Schumann, Beethoven (Wed, Thur). Salle Pleyel (563 0796)

Cecile Huguenard-Roche, piano: Bach, Schumann, Debussy, Prokofiev (Thur). Salle Gaveau (563 2030)

LONDON

Philharmonia Orchestra conducted by James Judd with Malcom Binns, piano. Beethoven. Royal Festival Hall (Mon). (928 3191)

Academy of Ancient Music directed by Christopher Hogwood. Mozart and Haydn. Queen Elizabeth Hall. (928 3191). (Mon)

Royal Philharmonic Orchestra conducted by John Nelson with Andrew Litton, piano, LaVerne Williams, soprano and William White, bass. Britten, Gershwin and Vaughan Williams. Barbican Hall (Mon). (638 8891)

Academy of London conducted by Richard Stamp with José van Dam, bass. Bach and Stravinsky. Barbican Hall (Tue)

London Philharmonic Orchestra conducted by Yevgeny Svetlanov with Valery Klimov, violin. Liadov, Tchaikovsky and Brahms. Royal Festival Hall (Tue).

London Sinfonietta conducted by David Atherton with Felicity Palmer, mezzo-soprano, John Constable, piano, Nona Liddell, violin, Christopher van Kampen, cello, Marisa Robles, harp and John Whiting, electronics. Raval and Varèse. Queen Elizabeth Hall (Tue)

Royal Philharmonic Orchestra conducted by Walter Weller with Janina Fialkowska, piano. Prokofiev, Schumann, Dukas and Ravel. Royal Festival Hall (Wed)

English Chamber Orchestra conducted by Gustav Kuhn with Felicity Lott, soprano and Anthony Halstead, horn. Mozart and Britten. Queen Elizabeth Hall (Wed)

London Philharmonic Orchestra conducted by Yevgeny Svetlanov with Cecile Ousset, piano. Tchaikovsky, Rachmaninov and Sibelius. Royal Festival Hall (Thur)

Dreamtiger Peter Cropper, violin and Peter Hill, piano. Dallapiccola 80th anniversary concert. Purcell Room (Thur). (928 3191)

London Symphony Orchestra conducted by Brian Wright. Russian evening. Barbican Hall (Thur)

Ronnie Scott's, Frith Street (439 0747): Pianist McCoy Tyner and his quintet until Feb 4

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Murray Perahia piano. Webern, Mendelssohn (Tue): Zubin Mehta conducting, Brigitte Fassbaender, mezzo-soprano, John Vickers, tenor. Haydn, Mahler (Thur). Lincoln Center (874 2424)

Carnegie Hall Youri Egorov piano recital. Schumann, Debussy (Tue). (247 7459)

Merkin Hall (Abraham Goodman House) Malcolm Bilson fortepiano recital. Mozart and Beethoven (Mon); Elizabeth Rich piano recital. All-Mozart programme (Tue); Nina Beilina, violin and May Cuckson piano recital. Mozart, Rosenzweig, Cuckson, Schubert (Thur). 67th W of Broadway (362 8719)

WASHINGTON

Concert Hall: National Symphony, Rafael Fruhbeck de Burgos Pinchas Zukerman, violin. Gluck, Mendelssohn, Strauss (Tue, Wed, Thur). Kennedy Center (254 3776).

Theater Chamber Players of Kennedy Center (Terrace): Schubert, Schoenberg, Brahms (Mon). Kennedy Center (254 9895)

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The Revival of Wozzeck is cast at strength – José van Dam, Anja Silja, James King, Donald McIntyre – and conducted by Christoph von Dohnanyi with power and eloquence. La Bohème returns with the Hungarian soprano Ilona Tokody (Royal Opera debut), José Carreras, and Thomas Allen, and the highly gifted American conductor John Mauceri in charge (240 1066)

English National Opera, Coliseum: A most gripping and beautifully sung Turn of the Screw, with particularly distinguished contributions from Jill Gomez and Philip Langridge, alternates in repertory with La Traviata, in which Nelly Miricioiu introduces to London her fragrant, vocally lustrous heroine (836 3161)

Sadler's Wells Theatre: The New Sadler's Wells Opera continues its latest season with a new production of Flotow's Martha and a revival of last season's Countess Maritza (278 8916)

Royal Opera House, Covent Garden: The Royal Ballet in La Fille mal Gardée (Tue)

PARIS

Die Entführung aus dem Serail conducted by James Conlon, produced by Giorgio Strehler, decor and costumes by Luciano Damioni, coproduced with La Scala, Milan. Michael Heltau as Pacha Selim and Catherine Malfitano as Constance. It alternates with the three-act ballet Le Fantôme de l'Opéra, conducted by Marcel Landowski/Claude Schnitzler, choreography by Roland Petit, music by Marcel Landowski. Decor by Giulio Coltellacci at the Paris Opera (742 5750)

Khovanschina, conducted by Woldemar Nelsson, produced by Pier Luigi Pizzi, choir conducted by James Johnson, Orchestre Colonne in the Grand Théâtre de Genève production with Maia Plissetskaia's participation. TMP-Châtelet (233 4444)

Ariadone's Utt, with Carlotta Ikeda as soloist, choreography by Ko Murobush. An exclusively feminine ensemble in a brilliant demonstration of the Butoh Dance is followed by a rejuvenated Pilobolus Dance Theatre at the Theatre de Paris (280 0930)

Wroclaw's Pantomine Theatre in King Arthur's Legend bridges medieval and modern times at the Theatre de la Ville (274 2277)

Le Roi Malgre Lui – a 3-act Opera-Comique, with Charles Dutoit conducting Le Nouvel Orchestre Philharmonic. Barbara Hendricks, Christiane Eda-Pierre and Gino Guilico in the title roles (Thur). Theatre des Champs Elysees (723 4777)

NEW YORK

Metropolitan Opera (Opera House): The first performance of Stravinsky, conducted by James Levine with sets by David Hockney, accompanies a week's performances of Rinaldo conducted by Mario Bernardi and starring Marilyn Horne, La Traviata with Kiri Te Kanawa, and Peter Hall's production of Macbeth, premiered last season with Renata Scotto as Lady Macbeth and Sherrill Milnes as Macbeth. Lincoln Center (580 9830)

New York City Ballet (New York State Theatre): The company's season of mixed repertory includes performances this week of Western Symphony, Afternoon of a Faun, and Concertino. Lincoln Center (870 5570)

WEST GERMANY

Berlin, Deutsche Oper: To mark the 100th anniversary of Wagner's death, a world premiere of 'Riccardo W' is offered this month. It is choreographed by Valery Panov, danced to music by Richard Wagner, Giacomo Meyerbeer, Felix Mendelssohn-Bartholdy and Hector Berlioz. Soloists are Eva Evdokimova and Thomas von Cauwenbergh. (Fri). Der Nussknacker, choreographed and danced by Rudolf Nureyev. His partner is Eva Evdokimova (Mon)

New York Dance Theater

New York's Dance Theater Workshop has an ambitious programme of new and unusual artists – some dancers, some actors, some both. Running this week simultaneously are former Murray Louis dancer Robert Small in his premiere of Anything With A Heartbeat and The Spook Show by Whoopi Goldberg, a satirist in the Richard Pryor tradition. Small's solo work roams the world of Vermont prisons, European crypts and snoring roommates in his own choreography. Whoopi Goldberg's more verbal world is equally diverse in characters. Part of a season in the Economy Tyres comedy series, Spook Show is to be followed by John Molloy playing an itinerant Irish actor working in tent shows, in a re-creation of his life in the 1940s. DTW 219 West 19th St (691 6500)

Exhibitions

WEST GERMANY

Munich, Haus der Kunst, 1 Prinzregentenstrasse: The museum is showing chiefly Heckel's early work. There are paintings, drawings and watercolours. Ends Feb 2.

Frankfurt, Städel, 63, Schaumainkai: The centenary of Max Beckmann, the outstanding German expressionist, is marked by 180 works from 1915 to 1933. Ends Feb 2.

Hanover, Forum des Niedersächsischen Landesmuseums, 8-11 Am Markt: paintings and clothes from the period between classicism and art deco. Ends Feb 29.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: 125 oil paintings, objects, sculptures and drawings by Lucio Fontana, the Italian painter and sculptor (1899 to 1968), who found new means to depict space. Ends Feb 12.

HOLLAND

Irish Culture from 3000 BC to 1500 AD in Amsterdam's Rijksmuseum until Feb 28. The Book of Kells, the most magnificent illuminated version of the gospels in Europe, is joined by a hoard of bronze, silver and gold treasures, all finely wrought and many of them encrusted with jewels – a reminder that long before its present troubles, Ireland had its golden age and was the last repository of Western art and learning to fall to the Vikings.

BRUSSELS

Musée d'Art et Histoire: Reconstruction of the chamber of the Bulls of the Lascaux Grottos, closed to the public through fear of damage and pollution affecting the drawings. Until April.

Palais des Beaux Arts: Paintings by Karel Appel and Roger Mallens. Until March 4.

Société Générale de Banque: Sundials, astrolabes, watches, clocks and marine instruments. Ends April 7.

Goethe Institute: Eleven Berlin sculptors. Ends Feb 18.

LONDON

The Hayward Gallery: Raoul Dufy – a timely reminder that this hero of countless chocolate boxes and postcards, the acceptable face of modern art, was not only a significant painter but a Fauvist of peculiar character, a follower but no slave of Matisse, who later developed into a decorative artist of the first importance. His elegantly perfunctory notation, and his characteristic imagery – white sails in the bay, palm trees below the balcony, bright silks against the apple green of the racecourse, have been taken up and broadcast endlessly by lesser talents. His fabric designs and tapestries are especially remarkable in a beautiful and necessary exhibition. Ends Feb 5.

The Hayward Gallery: Hockney's Photographs – a brisk survey of Hockney's practical use of the camera from simple reference and aide memoire to photographic exercises. This latter aspect developed slowly but has speeded considerably in the past 18 months. The composite photographic image is no longer just a simple still life or portrait study, but a strange and intriguing image of an event, a sequence of action, a passage of time. Ends Feb 5

Royal Academy: The Genius of Venice – we are treated to a show in the grand old manner of the Royal Academy's Winter Exhibitions. It treats us to exclusively the painting and, to a lesser extent, the sculpture, that Venice produced in the 16th century. If Bellini and Carpaccio are honoured more by their absence, since the panels now are just too fragile to travel (though the Lion of St Mark's is Carpaccio's), there is so much that has been brought in from all over the world that compensation is hardly the word. So, from the shadowy, speculative presence of Giorgione in the beginning, to the emotional extravagance of Tintoretto filling the lecture room at the end, and in between the great spaces of the Academy filled with Titian, Veronese, Bassano, Lotto, et al, we are indulged in a way unlikely ever to be repeated in our time, if at all. Ends March 11

PARIS

Raphael: Three exhibitions pay homage to the great Renaissance painter – born 500 years ago. The Grand Palais assembles, for the first time, most of the paintings and drawings from French museums, among them Le Petit Saint Georges, La Belle Jardinière and Balthasar Castiglione's portrait. Another exhibition shows Raphael's influence on French art from the 16th century to the present. Grand Palais (2615410). Closed Tue, Wed late closing. Ends Feb 13. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them Giulio Romano, and of his disciples. Louvre, Cabinet Des Dessins. (2603926). Closed Tue. Ends end of Feb.

NEW YORK

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

Willem de Kooning (Whitney): This major retrospective with 250 works covering the artist's entire career is divided into drawing and painting and sculpture sections. Half the exhibits are drawings and there are 25 sculptures. Ends Feb 19.

Kandinsky (Guggenheim): More than 300 works limited to the early Russian and middle Bauhaus periods from 1915 to 1933 is the second in the museum's comprehensive reconstruction of Kandinsky's peripatetic and prolific career. Also included in the show are the works of contemporaries including constructivists like Malevich and Lissitzky as well as German and Bauhaus artists like Moholy-Nagy Miles van der Rohe and Paul Klee. Ends Feb 12.

WASHINGTON

Hirshhorn: 136 works by 63 European and American 20th century artists illustrate the contemporary theme of Dreams and Nightmares for Society. Timed to usher in Orwell's dreaded 1984, the exhibit runs the gamut of artists from Russian constructivists with their misguided dreams to a large sampling of American and German artists affected by the century's wars. Ends Feb 12.

Leonardo's Last Supper (National Gallery): Although the refectory of the Church of Santa Maria della Grazie has not been brought from Milan, this clever exhibit does the next best thing in combining preparatory studies drawn from the Queen's collection in Windsor Castle with photos and a film of the restoration and works done after the Last Supper, including a series by Rembrandt. Ends March 4

TECHNOLOGY

EDITED BY ALAN CANE

TEST DRIVE FOR APPLE'S ELECTRONIC DESK

Reporting, with Mac's mouse and icons

BY LOUISE KEHOE IN CALIFORNIA

APPLE PRESIDENT John Sculley likes to compare the new Apple Macintosh to the Ford Model T car, the first car for the masses.

Macintosh, Sculley claims, is the first personal computer to bring leading computer technology down to a price that everyone can afford.

The automobile analogy can be stretched a little further. Long after the invention of the starter motor, cars still had a hole under the radiator where the motorist could insert a starter handle—just in case.

One of the less publicised features of the Apple Macintosh is a little hole in the front, just beside the disc drive.

What is it for? It turns out to be, like the starter crank hole, "Just in case."

When Apple designed the Macintosh, the company tried to solve a common user problem: taking the program disc out of the drive at the wrong moment.

> Mac has two built-in communications ports that can be used to link the computer to a telephone line or external device.

When a disc drive is rotating and "reading" data from a disc, or "writing" data on to the disc it should not be removed. To do so is like scraping a needle across a record.

Apple's solution was to "lock" the disc into the drive and to include an automatic ejection system that pushes the disc half way out of the drive at the right moment.

But one of the software companies that was developing programs for Macintosh discovered a problem with its prototype model.

They had a power cut while using the machine and found that the disc was locked inside. The programmers returned the computer to Apple engineers who, it is said, unceremoniously cut the machine open with a hacksaw.

There had to be a way to get the disk out without destroying the machine, so Apple put a little hole in the front of Mac and told users to push a piece of wire into the hole to unhook the disk lock. It was not an elegant solution, but it should have worked.

But no amount of prodding with a piece of wire worked for a programmer at Software Publishing, a major software developer. Apple, it turned out, had put the hole in the wrong place—Apple has now corrected this rather unusual computer "bug."

New computer models, like new cars, do however sometimes have design flaws. The most difficult ones to solve are often hidden inside the computer's "rom," the memory compartment that holds the computer's operating system. Apple believes that it has worked out all of the "bugs" in Macintosh, and software developers who have been using the machine for over a year agree.

Adapting to the "feel" of a new computer is just like driving a new car. The controls are all in the wrong places, and the machine "handles" in an unfamiliar way.

My words do not seem the same when they appear in a font called "Chicago" or "Montreal" and even "London" does not look quite right.

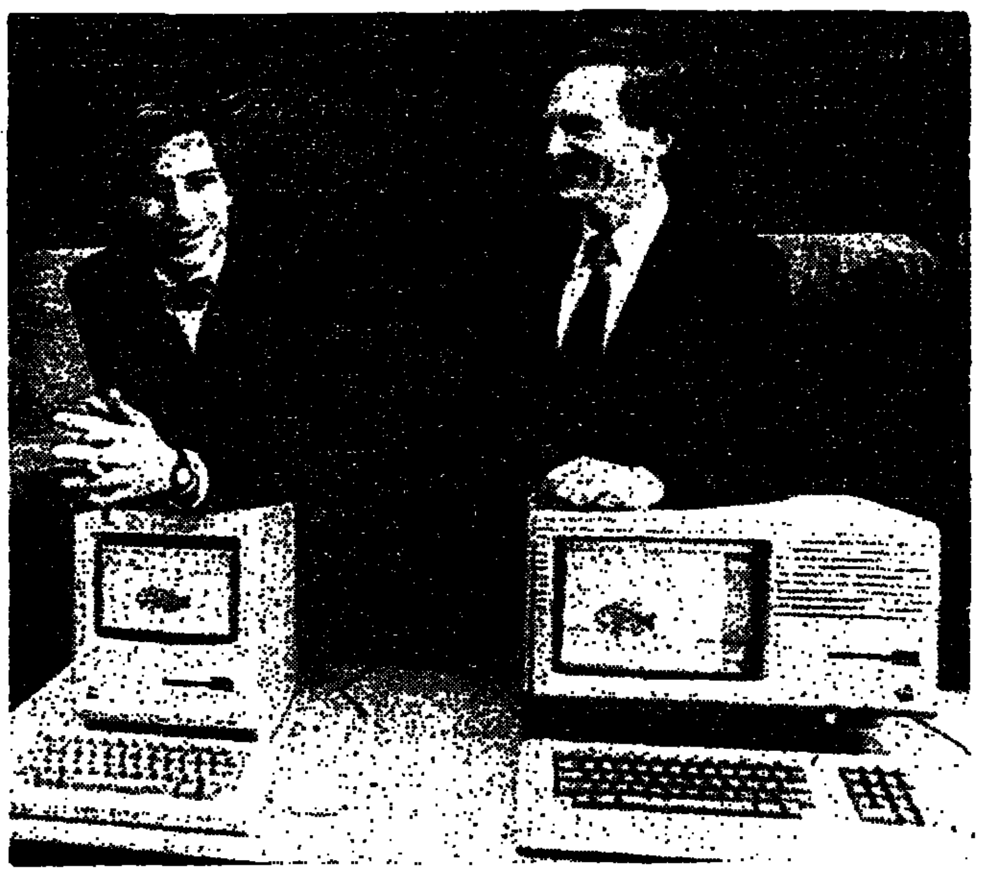
Macintosh is, however, very easy to use and lives up to Apple's claim that you can do useful work on it within an hour. It takes even less time for me to recognise that this machine is not designed for reporters.

According to John Sculley, Apple's president, Macintosh is designed to suit the much wider audience of middle managers.

"If you spend a lot of your time writing memos and letters, putting together presentations and going to meetings, then Macintosh is designed to simplify that part of your business life," Sculley says.

Macintosh is a piece of desk *top equipment—like an in/out* tray, a telephone or a dictating machine.

It is small, unintimidating and perhaps very useful. "It will have a strong appeal for people who think that personal computers just don't do enough," Sculley believes.



Steven Jobs, left, chairman of Apple, hopes to capture the personal computer market with the Macintosh. President John Sculley stands by the new LISA II

Its screen is smaller than most—a 9 inch black and white display. (European versions of Mac may have a monochrome green screen). Its resolution is, however, much higher than that used with most other computers. Like the earlier Lisa, little pictures on the screen—icons—showing notepads, file folders, a calculator and other standard office tools including a waste basket, simulate the desk-top working environment.

If you want to put a memo into a file you point a screen "arrow" at the file and press a button on the mouse, the desk *top device whose movement* mirrors the movement of the screen arrow.

This early example of Macintosh comes with two "free" programs. "Mac write" for word processing (and that is the program that I am using to write this article) and "Mac paint" which makes beautiful pictures on the screen.

"Mac will revolutionise the office memo" John Sculley predicts. He expects memos to be illustrated by diagrams and pictures—which, of course, replace 1,000 words.

Using the "mouse" I can draw an outline, shade it, enlarge it, move it around, erase mistakes and ask the machine to "clean up" any rough spots. Apple has produced a brochure of very attractive pictures drawn on Mac, but my efforts are less artistic. Drawing a straight line with a mouse is not *as easy as it sounds.*

With Macintosh, Apple abandons the keyboard as the chief interface between the user and the computer. Instead of selecting functions using keyboard commands, I am moving the "mouse" around on the desk top to steer a cross mark on the screen toward the word "edit." It is an interesting exercise in hand/eye coordination, and more than once the mouse reaches the edge of the desk before the cross reaches the "command line."

Inserting a few extra words at the beginning of the last paragraph—a common word processing task—is quite a different process using Mac. Apple's demonstrators assure me that I will get used to "dragging" the mouse across the desk to define which words I want to move, "pulling down" a menu of functions from a bar at the top of the screen, pointing—again using the mouse—at the appropriate item and then clicking the button on the mouse a couple of times.

Today, however it will be necessary to retype this story on my trusty Apple II in order to access a telex link to London.

The Apple II cannot "read" this story from a Macintosh disc. The two computers are not compatible. Macintosh's operating system, the built-in program that defines how the machine works, is similar to that of Apple's Lisa, but quite different from the older Apple II and Apple III models. Neither will Mac understand programs or data from an IBM personal computer.

Learning to use Mac turns out to be more like learning to ride a bike than drive a car. First you have to find your balance. Using a keyboard and a mouse together I feel as if I need an extra hand, but apparently that would change with practice. It is quite simple when you get the hang of it and certainly easier than looking up a manual to find out which cryptic key commands will perform the same functions on a conventional computer.

Mac has two built-in communications ports that can be used to link the computer to a telephone line or other external devices. Mac can talk to mainframe or minicomputers via "Apple line" a device that emulates a computer terminal.

> "It will have a strong appeal for people who think that personal computers just don't do enough." Sculley believes.

Apple says that it also plans to introduce "Apple bus" a simple communications system that can link up to 32 Apple computers on an office network. Apple sees Apple bus as an interim solution to office networking.

Another difference is that Macintosh comes with the new-size 3.5 inch discs designed by Sony, rather than the older 5.25 inch standard floppy discs. To demonstrate the advantages of the new discs, Steve Jobs, *Apple president, throws one* across the room. "You can throw it in your briefcase, push it in your pocket," he suggests.

Protected by a hard outer casing, the new micro-discs are far more rugged than the old size which must be treated with tender loving care.

Reports

Cost of computer networks

THE IBM personal computer may be too expensive to use in local area networks according to Strategic Incorporated, which has just concluded a study of multi-user, multi-processor applications.

The report says that although within a few years most businessmen will be providing each employee with a communicating computer, $3,000 *to* $4,000 *for an* IBM PC with a local area network connection "is not competitive." It cites cheaper alternatives such as Convergent Technology, Burroughs, Molecular Computer, NCR, Televideo, Onyx and several other established suppliers.

"Today," says the report, "it can cost less than $2,000 to put a workstation on an employee's desk and be able to share data and costly peripherals among all the workstations."

Apparently Stategic itself has been able to save over $40,000 by installing Televideo terminals and connecting them together with a Molecular Computer multi-user microprocessor system.

Multi User, Multi-Processor Computer Systems: Impact and Opportunities, published by Strategic International and available from IPI, Nordre Ringvej 201, 2600 Glostrup, Denmark, price U.S.$1,530.

Memories

Expansion board

CROYDON based Future Computers now sells a 128k memory expansion board for £184. This doubles the memory capacity of the company's FX30 computer. The same board also fits the FX20 range. More information on 01-683 0111.

Monitoring

Tunnel has light controls

TWO OF the tunnels in the newly-opened section of the M25 between Epping and Enfield have been equipped with advanced automatic lighting and atmospheric monitoring systems by Marconi Radar Systems of Leicester.

The air monitoring systems use a transmissometer to measure the visibility and a carbon monoxide sensor, the outputs of which are fed to a data transfer unit where they are digitised and averaged. Average values go to a central processing unit which in turn controls the tunnel fans.

Thus, if either airborne carbon or the poisonous monoxide from vehicle exhausts builds up to undesirable levels, ventilation is *stepped up.* When the air is sufficiently clear the fan speeds can be reduced, cutting power consumption.

The Marconi system also measures the light levels at the entrances of each tunnel and adjusts the lighting so that incoming drivers are not suddenly plunged into apparent darkness.

Similarly, *on emerging they* experience steadily increasing light levels and are not dazzled by the transition from tunnel to daylight. More on 0245 353221.

Pharmaceuticals

PHARMACIA Fine Chemicals, part of the Swedish pharmaceutical group, has developed a pH monitor for use in liquid chromatography. This is used in the purification of drugs and biological substances. More information from the company at Milton Keynes on 0908 661101.

PROPERTY IN HAMPSHIRE

FINANCIAL TIMES REPORT

By WILLIAM COCHRANE

The county is making a strong bid to attract industry, notably in the Solent area

Campaign gathers pace

HAMPSHIRE is one of the larger counties of England. Its population, at almost 1.5m, also ranks among the largest in non-metropolitan areas. Unemployment is slightly above the average for South-East England at 9.6 per cent but the county has an expanding existing industrial base, an excellent environment and rapidly improving communications to offer in its bid to rival the M4 Corridor as a home for modern industry and commerce.

The County Council saw the need for positive action in 1981, when the Defence Review threatened the closure of the Portsmouth dockyard and the loss of 6,000 jobs. It also had the rationalisation of the Southampton dock force to worry about, the then level of unemployment in the UK as a whole and the entrepreneurial approach taken by development teams in other areas—which meant that it might, by default, have been losing what new jobs were around.

The council responded by forming the Hampshire Development Association. The HDA combines enthusiasm and realism in a small team headed by director Peter Scruton—formerly director of central marketing at Glaxo — assistant director Hugh Barrett, seconded from the Hampshire County Council where he was in charge of structure plans, and Philip Martineau, seconded from IBM—the major industrial influence in the county—where he advised senior management on office and factory development.

Independent body

The HDA, mostly funded by local authorities, is an independent body with a committee elected every three years; its brief is to promote jobs with the emphasis on bringing in new companies or work via joint ventures attracting employers from abroad. The inaugural meeting of the HDA was in February of last year but the team effectively began work last June.

The Association has had a reasonable start. The Argentine's Falklands invasion changed things in Portsmouth, where the gross job loss is now about 3,500. Peter Scruton thinks that with transfers to Devonport and Rosyth—and, coincidentally, recruitment from the Sultanate of Oman for new docks there—most of the job losses will be absorbed through natural wastage.

Since June 1, helped by the fact that local authorities were already talking to developers, the HDA has had 50 enquiries which *could* provide 5,000 jobs. Philip Martineau comments: "My bet would be that 1,500 would come to fruition but there is one major possibility which could raise that by another 1,000."

Site enquiries

Of the rest, Hugh Barrett says: "There are a number of enquiries which are difficult to accommodate, companies which want exceptional sites and are looking all over the south of England to find them."

However, some of the best known names in the world are already in the county. IBM has five sites in Portsmouth, Havant, Winchester and Basingstoke: other big foreign tenants include STC, Pirelli, Sperry, Sony and Motorola; a UK selection takes in Marconi, Plessey, Thorn-EMI and Racal.

John Vail of Hampshire agents L. S. Vail underlines the electronic and electrical engineering base and notes: ". . in the past six months we have experienced a sustained improvement in demand and many of these companies now have major expansion plans under way."

Communications are another selling point. The HDA is promoting a motorway, or near-motorway, "box" topped by a stretch of London's M25 orbital motorway and bounded by the M3 to the west and the A3 or A3 (M) to the east. The bottom of the box is the soon to be completed M27 linking Southampton and Portsmouth with urban spurs—the M271 and M275—opening up the two cities.

The HDA also has the promotion brief for the Isle of Wight, England's smallest county with just 115,000 people. The island has a big Plessey factory south of Cowes and British Hovercraft in Cowes itself, but it needs another big name.

The Solent, the famous stretch of water dividing the island from South Hampshire, seems to form a barrier which is more psychological than real. Travelling times are seven minutes from Portsmouth to Ryde by hovercraft and 20 minutes from Southampton to Cowes by hydrofoil.

Industrial land prices in the Isle of Wight are below £15,000 an acre. "*Just across the Solent* you can add a nought," says Peter Scruton, "and some people in South Hampshire are asking £200,000."

If anyone wanted a 50-acre campus development for a headquarters building, dealing with information transit by electronic technology, then the HDA has the ideal site on the island. "That stretch of water," says Philip Martineau, "means nothing unless you are a manufacturing business and want to get your widgets back and forth."

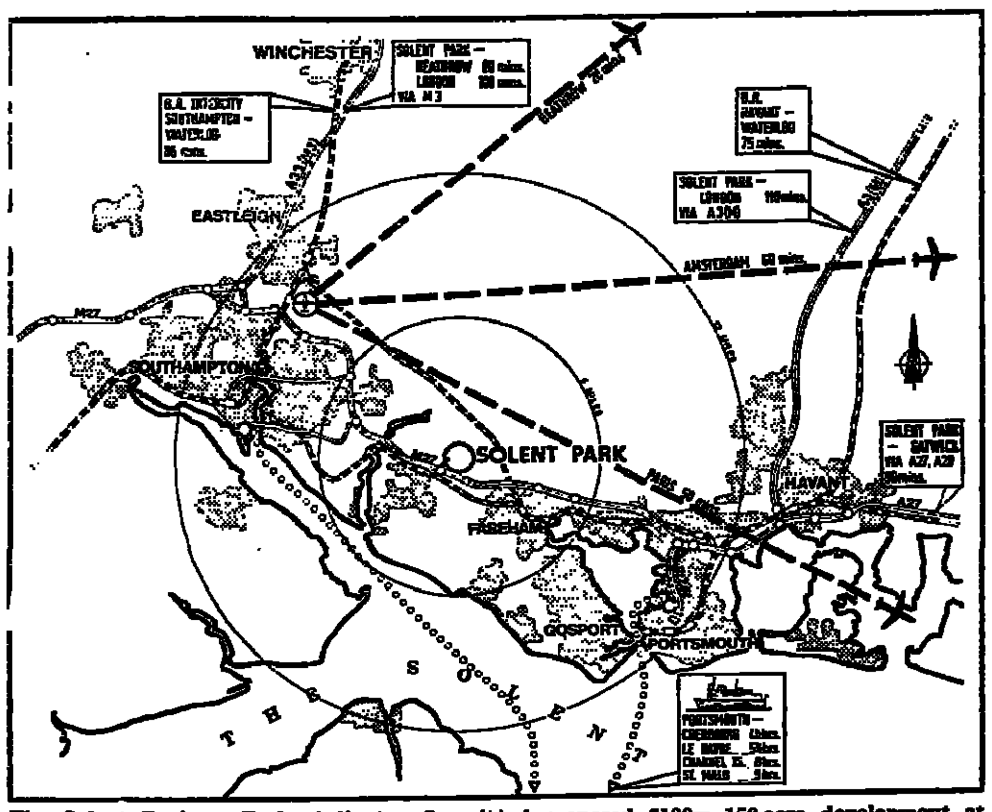
The Solent, of course, has its attractions. "All of the management like sailing and we thought that Hampshire would be the place" is one line the HDA never tires of hearing, along with the alternative: "we want to be by a golf course, by the sea with a pub at the gate."

Meanwhile, the working environment should be improved by a proposed science park. Southampton University has recently received permission for the first phase of its proposed 150,000 sq ft research and development park at Chilworth. This will complement the important research facilities at the university, which in themselves have helped attract new industry to the county.

Land available

There is plenty of land available. Hugh Barrett calculates that there is the best part of 1,000 acres of industrial land available in Hampshire. "Of that," he says, "about 700 are in South Hampshire and the rest principally around Basingstoke, Farnborough and Andover."

As for offices, he sees scope for at least 1m sq ft of new space in South Hampshire, 350,000 sq ft-plus in both Southampton and Portsmouth and the remaining 300,000 sq ft in campus sites or smaller town centres.



The Solent Business Park, Arlington Securities' proposed £100m 150-acre development at Junction 9 of the M27, demonstrates the communications advantages of a South Hampshire location. Arlington wants big names, high technology and a 50-50 mix of office and industrial property on the site. Strutt and Parker and L. S. Vail are joint agents for the project

New life for old areas

Small business

POLITICAL initiatives and the financial interpretation of them by the property professionals generally get a lot of the credit for the encouragement of small business. This is certainly true of Hampshire.

National government incentives for small business have encouraged a spate of nursery unit development; the Hampshire County Council has encouraged the revitalisation of old buildings with its conversion of the Victory Brush factory in Portsmouth and the Boyes factory in Southampton. The Portsmouth City Council, funded via the tax planning department at London agents Wetherall Green and Smith, has produced a highly sophisticated and tax-effective scheme for its new £1½m Enterprise Centre.

However, one of the county's most interesting and successful schemes—Shamrock Quay at Northam, Southampton — is emphatically private and could hardly have evolved in its present form with a local authority or even a pension fund involved.

It happened that Dean and Dyball, a private group of civil engineering contractors formed thirteen years ago, bought the old shipyard at the Quay four years ago. It got 14 acres, half of it mudland, and about a third of a mile of river frontage.

John Dean, chairman of D and D, takes up the story: "We reclaimed about three acres," he says, "dredged the shallow water in front of the quay and created about 250 marine berths. There was about 150,000 sq ft of old buildings; we pulled down some of the tattiest, refurbished and subdivided about 120,000 sq ft into smaller units and that space, at present, is 100 per cent let."

Mr Dean makes no claims to philanthropy or even prescience. "When we bought we expected to let fairly big areas at fairly low rentals," he remembers. Then came the recession and big tenants were just not around.

"To a certain extent we were helped by the recession," he says. "There were a lot of redundancies at the time and many people with cash in pocket for the first time in years set up their own businesses."

Shamrock Developments, the associate company concerned, has a rolling refurbishment programme on the Quay, basically self-financed. "Refurbishment costs more for small units," says Mr Dean, "but we are getting up to £4 a square foot for 500 foot units."

Southampton's City planning authority has co-operated by being flexible. Flexibility of tenure has given the Quay what it claims is probably the best ladies' boutique outside London, almost shoulder-to-shoulder with self-employed chippies (carpenters), an aerobics studio and graphic design offices.

Shamrock has been encouraged by this experience to produce the Shamrock Enterprise Centre at Gosport. Each unit has a little walled yard "where the tenant can put his junk."

As elsewhere in Britain, high technology industries are seen as offering the best prospects for growth

Pilot centres set to test market

High-tech

THE TRANSITION of Hampshire's industrial base from traditional heavy manufacturing (still in decline) to modern technology-based industries continues. Industrial land, which used to be scarce, is now readily available.

Following on those two points, there is the danger that "high tech" property development will be overdone, in Hampshire and elsewhere. But it is worth asking what the county offers major occupiers in modern industries. Perhaps the best answers will come from IBM, which is the "anchor" tenant in that category.

IBM first came to Hampshire more than 25 years ago, when it set up a laboratory, establishing a manufacturing plant six years later. In the late 1960s it took the decision to move its headquarters out of London, where the cost of accommodation was rocketing and a high proportion of its space was leased.

It had a number of criteria, says Mr Norman Hearson, IBM's resident director in the county. As regards communications, it knew the M27 was coming and the motorway development actually helped make land available at North End, Portsmouth, where the company eventually moved its HQ in 1971.

IBM wanted employment availability — both ways, in that it needed labour on tap and the prospect of employment for the families of its workers as they grew up. Education facilities rated highly, as did industrial infrastructure in the need for the strong base of service companies which Hampshire was able to provide.

Environmental requirements included housing provision as well as sports facilities and the rest; local attitudes required a supportive city council, with the corollary that IBM would be just as supportive as an occupier and employer.

Mr Henderson says that IBM employees found they had a better standard of living after the move. They also had a better working environment and IBM he says, benefited directly as a result of higher productivity.

IBM continues with major investment at its Havant plant and at Interchange Park, Portsmouth. Interchange is part of what is now known as Anchorage Park a mixed residential/industrial/shopping development on 90 acres by Wilson Connolly.

Warehousing

The developers put up 57,000 square feet of warehousing "on spec" which was occupied by IBM early in 1983; IBM then asked for a 36,000 square feet extension which was completed last December. A futuristic 36,000 square feet was occupied by Nastech last August and Wilson Connolly has a further site of ten acres with five enquiries for 100,000 square feet or more through joint agents Richard Ellis and Hall Pain and Foster.

The new low density, high quality concept of industrial development involving a mix of manufacture, research and development is perhaps exemplified by the plan for 120,000 sq ft on 11 acres at Parklands, Denmead, some seven miles north of Portsmouth within Hampshire's green belt.

Parklands has been designed by leading architects Newman Levinson & Partners to provide the flexibility and identity which electronic-based "high tech" seems to require. Agents for the scheme, L. S. Vail and King and Co., report strong interest and say that they are holding detailed discussions with a number of prospective tenants. There is an institutional school of thought which prefers developments of this size to test the high tech concept.

PROPERTY IN HAMPSHIRE
FINANCIAL TIMES REPORT

Why Basingstoke is the focal point for the sector in the county

Basing View takes off

Offices

WHILE Southampton and Portsmouth are showing promise in office development terms after the oversupply of the past decade, Basingstoke is the focal point in the Hampshire office market.

In the past six months both Sun Life Assurance of Canada and the Provident Life Association of London have chosen Basingstoke for the development of new purpose-built headquarters and the foresight shown by the local authority in planning the Eastrop office area many years ago is illustrated by the list of companies represented—including the AA, IBM, Wiggins Teape, Snamprogetti, Digital and BOCM.

Eastrop, signposted Basing View, is just off the M3 and just before the town centre in driving terms. Mr Tony Vines, Basingstoke's chief estates surveyor, tells the story of the last 15 years.

"Basing View," he says, "accounts for the bulk of the office space in the town"—about 1¾m sq ft net out of a 2m total. It got off the ground in the mid-late 1960s and a flurry of activity produced 1m sq ft by 1974. The council then "trod water" until 1978 but the latest active phase could take the Basing View total itself up to 2m sq ft.

Mr Vines sees some scope too in the town centre, including one site to the north which could produce 250,000 sq ft, and emphasises that the council is flexible, with no local user policy.

In 1978, says L. S. Vail, rents in the town were £4 per square foot at best. Now a team taking in *Peter Noest of Hamptons*, Peter Woodford of Pearsons Commercial and Patrick O'Neill of Lane Fox is going for £10.55 a foot for Wimpey's new 46,000 sq ft Wingrove 2 building at Basing View, due to be completed in March.

Next door is Wingrove House, built in 1979 and let to Digital at £4.78. A rent review is now due and not less than £10 a foot seems to be the going rate.

Talking point

The major talking point at Basing View is still Gateway One, cruelly termed the "Hanging Gardens" by some observers because it has a *six-level* terraced structure, landscaped roof gardens on each level and has been on the market for over two years.

It is a beautiful building. It has achieved four architectural awards, including one for energy conservation. Roger Dean, of letting gents Strutt and Parker, points out that the toal running coss are less than £12.50 a sq ft including rates (£8 of that rent).

The gardens are more than pretty. They are designed to protect the flat roof from deterioration at the same time as preventing heat loss from the building, all at proven low cost. Some people say it will always be associated with Wiggins Teape, the previous occupier—now in a similar, smaller and cheaper building next door. That sounds parochial.

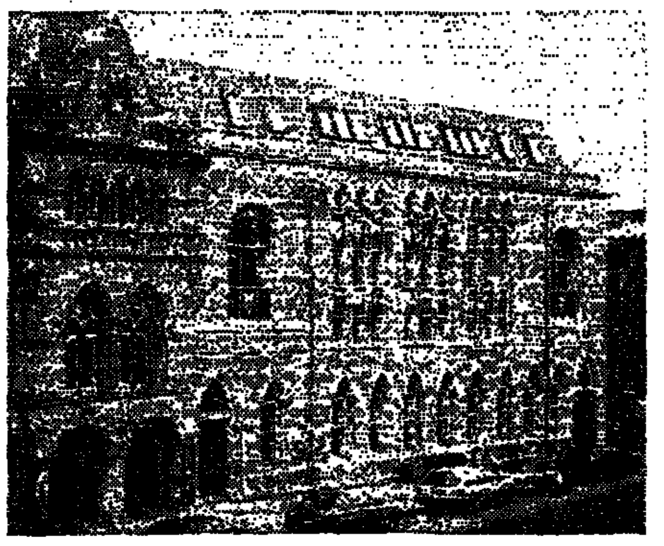
The fact that Wiggins sold the long lease to Barclaytrust to finance Gateway Two may not have helped matters, since the sort of occupier who will *take 157,000 sq ft may have* strong ideas about the terms of occupation. But all these theories will be better tested this year than in 1982-83, which were simply bad years to be on the market.

Meanwhile the "high tech" presence in Hampshire seems to be leading naturally to the development of office campus schemes and freehold/leasehold occupation alternatives which might be attractive to occupiers with future expansion in mind.

Capital & Counties' 20,000 sq ft at Fareham Parkway, close to an M27 interchange, is due for completion in six months and on offer at £6 a foot with the freehold purchase alternative. The freehold option *also* applies to Royal London's 41,000 sq ft scheme at Daneshill House at Basingstoke.

Andrew Newman of Vails, *brought in recently* alongside Edward Erdman and Jones Lang at Daneshill, notes that the £7.75m purchase price against a rent of £9.75 a sq ft indicates a yield of just *over* 5 per cent—which could be improved if the buyer ultimately decided on more space on the 9-acre site.

The Daneshill accommodation incorporates a new single-storey office building of 7,900 sq ft, a new two-storey office of nearly 30,000 sq ft and the 9,000 sq ft Daneshill House, a Grade II listed building mansion designed by Sir Edwin Lutyens which has been restored and renovated to original specifications.



Eldridge Pope, the Dorchester-based brewers, in conjunction with Arundell House Consultants of Farnham, have just *completed their £1.5m restoration scheme on the West Wing* of the Guildhall in Winchester. The development provides 12,000 sq ft of offices and has been named Kings Court. Agents: Maurice Beale & Partners of Winchester, and Healey & Baker are looking for a rent in excess of £7 per sq ft.

Prospects improve

CONTRASTS abound in the docklands of Portsmouth and Southampton. Portsmouth stole a march in the development of its commercial port over a decade ago and Southampton, once the ocean travel terminal for Europe, is not what it was —although its prospects seem to be improving.

Portsmouth can look back over the centuries to a history of frenetic wartime activity and peacetime *stagnation. However,* the 1974 oil crisis, the coastal M27 and the construction of the M275 spur to within 200 yards of the city's dock gates gave it an almost unbeatable *combination.*

Free of dock labour troubles, Portsmouth took an estimated 80 to 90 per cent of the available Continental passenger ferry traffic, the last chunk coming when Townsend Thoresen moved its ferry operation from Southampton on January 1 of this year, *saving* 30 *to* 35 minutes in its sailing time and of course the fuel it would have consumed in the process.

If HMS Excellent, the old Royal Navy gunnery school next to the ferry port, is closed, there would be prospects for further development of the port facilities.

Containerisation came to Southampton in the early 1970s. The Prince Charles container dock has been a great success and Southampton's trade is now largely in container form with a very high proportion carried by rail; there are two Freightliner terminals in the docks and a special silo *for hard* grain has captured a large proportion of British grain exports.

Southampton obviously has potential. There is a lot of underutilised land in the old docks east of the container port. Moreover, like Portsmouth, the city can see more than one way of skinning the commercial cat.

Docklands

One site under negotiation is the Princess Alexandra Dock (in the eastern docks) with 17 acres surplus to requirements. It was tendered by the Dock Board last year and the successful tenderers were City Grove Holdings and Dunning (developer/contractors) with L. S. Vail and Austin and Wyatt acting as agents.

The proposal here *is* a mixed scheme which would create an office "village" of upwards of 200,000 sq ft plus some residential accommodation, a small marina, *limited (20,000 sq ft)* shopping and catering. The site is a prominent one of the mouth of the River Itchen (on its west bank) and looks to have prospects if and when it gets out of the planning stage.

Arlington Securities has another mixed scheme, the prospectively £40m Port Solent in Portsmouth's North Harbour. The development proposes an enclosed marina with 1,070 berths, 600 units (houses and flats), a small local shopping centre with the emphasis on catering, a chandlery and about 50.000 sq ft of marina-oriented light industry.

Milbury Homes, part of the celebrated Jim Raper's corporate collection, is pitching for part of the Port Solent housing. It is also involved with Dean and Dyball in proposals for the Hythe Marina Village on the western shore of Southampton Water.

Further down the line than Port Solent *in planning terms,* according to Peter Thompson, Milbury's technical director, the colloquially termed HMV is a combination of 225 houses and 500 *berths at an estimated* cost of £20m.

Even at an average selling price of £75,000 to £80,000 a unit (each with its own berth) the *principals say they do not* expect an outrageous development profit. But at the end of the day, D and D stay in with ongoing management company *income of perhaps* £½m a year. Chairman John Dean notes that the management company itself would be an eminently tradeable asset in these leisure oriented days.

Wooing the shoppers

Retail

NEW SHOP construction in Hampshire in 1983 reached its lowest ebb for many years, according to agents L. S. Vail. Perhaps, and partly, this was because the large central area developments proposed for Southampton, Eastleigh, Winchester and Portsmouth were too ambitious to materialise.

Southampton's traditional, pitch in Above Bar has seen partly pedestrianised prime rentals ease from a peak of around £100 Zone A for the best space to between £80 and £90 a sq ft, with an average for the street of about £55. This seems to indicate that Heron and C.I.N., joint developers for the proposed Western Esplanade redevelopment to the west of Above Bar, are on the way to a 1985 start and late 1980s occupation of their 250,000 sq ft scheme.

Above Bar is arguably the most important retailing centre in the region and joint agents Edward Erdman and Healey and Baker *should* find it easy to get the right tenants for Western Esplanade at the right time. Better car parking in the city centre might help.

Only eight or nine miles north of Western Esplanade, in Eastleigh, Taylor Woodrow Chippindale's 400,000 sq ft scheme is a stage closer with the recent confirmation of a compulsory *purchase order.*

Vail's shopping specialist, Chris Cave, takes the view that although Eastleigh is a very concentrated shopping area with relatively small units and needs a major store, 400,000 sq ft is too much for a population of 45,000 and a catchment of about 115,000.

"Whichever comes first, Western Esplanade or Eastleigh, will have an effect on prospects for the other," he says, "even if the schemes eventually come to just 500,000 sq ft between them." However, he considers that Southampton needs Western Esplanade to release more space for secondary shopping.

There are clear arguments in the county for preserving the old or disguising the new. Five miles further north, in Winchester, multiple shopping is concentrated in a short, architecturally varied and interesting High Street. The multiples compete fiercely for any space that becomes available and this, at £50 Zone A, *is one prime pitch* which has performed well in terms of rental.

The same applies to Fareham, east of Southampton and, like Eastleigh, right on the M27. Fareham's quiet atmosphere disguises the fact that it has an 80,000 population and an unobtrusive but highly successful Standard Life covered shopping centre which has recently been extended to 350,000 sq ft from the original 250,000.

Just published, a town centre "action plan" includes the provision of a new department store within a further 350,000 sq ft of shopping on the former Fareham Market site. John Lewis and C & A, apparently, are prime target occupiers.

Refurbishment

In Portsmouth the Freshwater Group's Tricorn Centre is still widely regarded as a blot on the landscape. Yet the neighbouring prime pitch, Commercial Road, commands rentals of £50 a foot Zone A. There is a well-founded argument for spending money on refurbishment or new development where the major shopping population exists and both Freshwater and Taylor Woodrow Chippindale have submitted schemes which would expand the Commercial Road centre by a further 230,000 sq ft.

Vail argues that either scheme (both await the verdict of a public inquiry) would have an adverse effect on Southsea and North End, Portsmouth's other main two shopping areas. Maybe so, but a new "face" for the Tricorn would at least be aesthetically welcome.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday January 27 1984

The Reagan touch

THE WARM glow generated in the U.S. by President Reagan's State of the Union address shows up the major plus-points in the balance sheet of his presidency. As the "great communicator" he has an undeniable knack of carrying the bulk of the American people along with him as he "keeps faith with the mighty spirit of free people under God."

The unsophisticated style and homespun values which suffuse this and other Reagan speeches may make some Europeans wince, but they plainly reflect real sentiments in the U.S. today, or at least in those western and southern parts of the country where economic dynamism is most evident. By emphasising middle American values, President Reagan has been able to put the presidency more in control of the country after a Watergate-Ford-Carter phase when Europeans wondered whether America's presidential system of Government was falling apart. Far from seeming to be buried by Congress, today's President can loftily suggest that Republicans and Democrats come together and produce a bipartisan solution to the Achilles heel of the U.S. economic recovery — the borrowed money on which it is partly built.

Space station

The President has of course made much of the upturn in the economy and the impressive progress against inflation. In his speech he produced it as the main piece of evidence of America's spiritual renewal since the bad, old, doubting days of the late '70s. He personified the recovery by giving examples of "small business people with big ideas" fired up by tax reductions and deregulation to create new businesses and employment. With a Kennedyesque touch he extrapolated the dynamism into the future by giving NASA 10 years to put up a permanently manned space station. This morale-boosting treatment of the dry statistics of recovery contrasts strikingly with the grimmer-faced approach of the British Government to the UK's economic regeneration.

It also raises the negative side of the Reagan balance sheet. The President can be euphoric about the economic prospects so long as he declines to get to grips with the U.S. $200bn budget deficit. He handled this issue skilfully in his speech, calling for prompt agreement on a bipartisan plan that should reduce deficits by some $100bn over three years. This created the impression that he takes the budget problem seriously. But a truer measure of the speed with which anything concrete will be done about it was provided on Wednesday by the U.S. Treasury Secretary, Donald Regan, when he conceded that "not many tough choices are going to be taken before the November election."

The other debit item of which Europeans are specially conscious is the President's performance in foreign affairs. "Our Nato alliance is strong"; he asserted in his speech. Yet it is indisputable that Mr Reagan's initial approach to East-West relations caused greater strains within the Nato alliance than any other U.S. President. The European request for U.S. intermediate-range missiles, made partly to compensate for the perceived weakness of President Carter, backfired when the anti-Soviet obsessions of the Reagan Administration became apparent. European distrust was magnified by President Reagan's apparent penchant for military rather than diplomatic solutions, whether in Central America, Grenada or the Lebanon.

So far, Mr Reagan's record of constructive diplomacy has been poor when compared with the breakthroughs in different areas achieved by Presidents Carter or Nixon. It must be said that the high hopes pinned on Mr George Shultz, when he replaced Mr Alexander Haig as Secretary of State, have proved misplaced. This disappointment has been heightened by the impression that the President surrounds himself with advisors of indifferent calibre whose sycophancy reinforces his simplistic approach to complex issues of international relations.

Budget deficits

Now that a second term is so clearly in prospect Europeans need to make the best of the new realities rather than wish them otherwise. Reagan or no Reagan it is unlikely that the values and attitudes revealed and boosted by this presidency will melt away. The loose grouping of European countries can no longer expect sympathetic leadership from an East Coast-orientated Washington that understands, even admires, the foibles of the Old World. They are now allied to a brasher and more ideological U.S. and they will have to forge more co-ordinated defence, economic and foreign policies if they are to preserve a counterweight to the U.S. approach.

As for President Reagan, he would do well to take more than cosmetic action against his budget deficits. A large proportion of his kudos rides with the economic recovery and the impression of economic regeneration that he talked about on Wednesday night. A sudden run on the dollar, a sudden unwillingness of foreigners to fund the U.S. current account and federal deficits, could play havoc with the level of U.S. interest rates and hence with the recovery. So it is in Mr Reagan's political self-interest to prove the hunch of his Treasury Secretary wrong.

A questionable proscription

THE GRANTING of the right to strike and to join unions to certain classes of public servant is one of the classic dilemmas of civil liberties. It has been highlighted by the British Government's decision to ban its staff at the high-security communications centre at Cheltenham from belonging to a union.

The rights are often enshrined in the constitutions of countries, and are underpinned by three International Labour Office conventions. In practice, however, all countries place restrictions upon them: most commonly for the military and the police, fairly often for such groups as the judiciary, air traffic controllers and prison warders.

In France, for example, the police may join unions (including the Communist-controlled Confédération Générale du Travail) but may not strike: the military may neither join unions nor strike, and these rules apply to the security services and the civilian employees of government high-security establishments — the French equivalents of the Cheltenham centre. In the U.S., by contrast, secret service employees may join the Federal employees union, but cannot strike and, since their wages are determined by Congress, cannot bargain over pay.

The business of the security of the state clearly carries with it certain restrictions of liberties for its employees. The monitoring and processing of top secret information should not be open to industrial action or to outside scrutiny. In addition, it must be acknowledged that the Geoffrey Prime spy case of last year was of the most serious kind; and, since much of the information passed to the Soviet Union was vital to U.S. as well as UK security, American pressure to spring-clean Cheltenham was bound to be fierce. Neither the Prime Minister nor the Foreign Secretary can admit that the banning of the right to join a trade union is a result of U.S. persuasion, but it must have figured in their decision.

Remedies

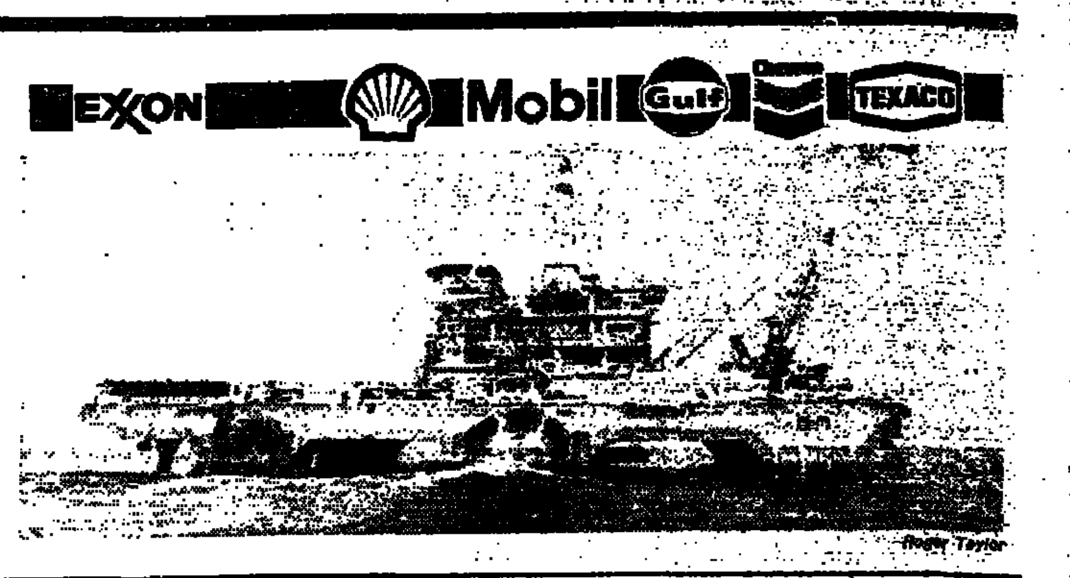
Yet each of the disadvantages of union membership, from a security point of view, could have been addressed by means other than a blanket and sudden ban. Where the safety of the country is concerned, prohibition of strike action could have *commanded general assent.* Where there were fears that recourse to industrial tribunals would have meant sensitive information on job descriptions being made public, such hearings could have been made internal and secret. If there is evidence of union officials themselves constituting a security risk—none has been brought forward—these could be dealt with by police procedures.

Because these other remedies exist, and because the Government has not, in its public statements, made clear why it sees union membership in itself as a security risk, the case for the ban is certainly not proven. The charge that the Government has tarred the unions with the brush of treachery appears to have at least an emotional appeal. Sir Geoffrey Howe has said that he does not intend the proscription on union membership to run beyond Cheltenham, but he has not yet shown the need for it within its perimeter.

Another takeover wave

Why Big Oil has begun to feed on itself

Ian Hargreaves and **William Hall** explain the merger scramble in the world oil industry



—Roger Taylor

IT IS not difficult to come up with plausible explanations for the latest multibillion takeover scramble in the *American oil industry — a tussle* which this week engulfed the most stately of the oil majors, Royal Dutch/Shell.

The prospect of a U.S. presidential election in November might, perhaps, have convinced oilmen that 1984 is the last year they can take for granted a relaxed view on anti-trust matters. Oil companies still remember all too clearly the days when big meant bad both on Capitol Hill and in the White House.

Then there is the T. Boone Pickens phenomenon. This has served to rub home the point that U.S. oil and gas assets are badly undervalued in the stock market. Mr Pickens has also shown that if oil company managements cannot remedy this state of affairs, the royalty trust can be used as a vehicle for hiving-off their U.S. producing fields.

T. Boone Pickens recently lost a round in his manoeuvres to dismember Gulf Oil, the smallest of the Seven Sisters, but he is far from inactive. Last week, Mobil sought tax authority guidance on the possibility of setting up its own royalty trust.

The undervalued asset argument, of course, cuts both ways. It can also be used as an argument for the big oil companies to get bigger, by buying oil reserves on Wall Street, rather than drilling in increasingly risky and expensive areas like Alaska, the North Sea and China.

This indeed is a fundamental factor in the two megabids which have set 1984 off to such a roaring start — Texaco's $10.1bn bid for Getty and Shell's $5.2bn bid for the 30 per cent of Shell Oil of the U.S. it does *not already own. At around* $4 a barrel, Shell and Texaco could both be getting a bargain, since it costs anywhere between $3 and $8 to find a barrel of oil in the ground in the U.S.

Another part of the explanation is the Mukluk factor, which Texaco admits contributed to the decision to go for Getty. The failure of the $130m well to locate anything but water off the Alaskan Coast struck from the geologists' charts another supposedly promising oil development zone in the non-Opec world. Mukluk, says Daniel Yergin, head of Cambridge Energy Research Associates, "was a very great disappointment. It heightened the U.S. oil companies' interest in adding oil and gas reserves in a less risky and cheaper fashion."

All these points have some force, but they are also, to a degree convenient rationalisations. *Wall Street analysts* who heard Mr John McKinley, Texaco's international-minded chairman, tell them solemnly in November that "whilst reserves in the U.S. are important, they are not so important as when world crude was deemed to be short" must have smiled when they heard about the Getty bid. What Mr McKinley's seeming self-contradiction reveals is the touch of sheer opportunism in the Getty bid and the fact that there are indeed deeper factors at work in the re-shaping of the oil industry which have been moving at full force for a decade.

That re-casting has come, really, in two waves. The first between 1974 and 1979 was when the oil companies used their surplus cash from the first Opec crisis to fund a wide-ranging diversification drive which took most of them into coal, metals and other minerals and others into even stranger territory such as department stores (Mobil) and electrical products (Exxon). Most of these activities have proved persistent loss-makers or, at best, anaemic contributors to profit.

Diversification is, as a result, *out of fashion—the last large* oil company diversification was Sohio's $1.7bn purchase of the copper company Kennecott in 1981. Since then there have been a few instances of large industrial companies buying into oil, but oil companies themselves have also turned their sights on their own industry.

It is as if big oil, gorged upon the delicacies of diversification, has started to feed on itself. The natural battleground is the U.S., where there are several hundred oil and gas companies, and many, overborrowed following the oil price slide since 1980.

Of the 50 largest merger deals logged by Fortune magazine in the U.S. last year, ten involved oil and gas companies. The U.S., as a politically secure base for oil reserves with a growing market for downstream products, has also attracted one major European takeover in recent times — Elf's $2.7bn acquisition of Texasgulf.

But how does all of this relate to what might be called the new realities of the oil market and what, indeed, are those realities? Does it, as Mr McKinley suggested, make a difference whether the world has an excess of crude supplies and how are corporate strategies changing?

The majors' share of crude oil production has fallen from 72 per cent to 17 per cent during the 1970s, and companies which had once relied on short-term markets for 10-15 per cent of supplies are buying 40 per cent that way.

At the same time, demand for oil has fallen by 15 per cent from its 1979 peak and gathering awareness of energy conservation, even in the U.S. post *price deregulation, means that* an economic growth rate of 2 to 3 per cent a year in the developed world will probably produce only half that rate in energy demand. Oil demand may rise this year by between 1 and 2 per cent, according to most forecasts.

The implication in the view of *Sir Peter Baxendell*, a managing director of Shell Petroleum, is that "the whole industry has had to evolve a leaner operating profile and a sharper commercial approach."

This has been the case whether the company is, like Shell, a model of decentralisation or, like Exxon, run from New York and proud of it. It lies at the root of the expanding international strategy of *Texaco, as well as at the heart* of the decisions by two of the Seven Sisters, Gulf and Socal, to sell their European downstream operations—the retreat, as Sir Peter Walters, BP's chairman puts it, "into fortress America."

Inside or outside fortress America, the strategy is to lower the cost of operations by identifying the cost and revenue base of the individual components of a business which before 1973 consisted mainly of pumping oil from the Middle East and selling as much as possible in the industrialised markets. The idea is to scrutinise everything, from pipelines to chemical plants, for profitability and to close down the losers.

Staff have also been cut (Exxon's have fallen from 169,000 to 154,000 since 1979), tankers sold and refineries and chemical plants closed down. Since 1979, 14 per cent of the EEC's refinery capacity has closed, but the industry is still only operating at 61 per cent of capacity.

The pressures and the response to them is caught in microcosm in the UK petrol market, where, as in many other countries, the oil companies have been investing in more sophisticated crude oil cracking plant to raise their refining efficiency and modernising forecourts, whilst re-organising distribution and cutting back the number of outlets to raise the productivity of each operation.

The number of petrol stations in the UK has fallen from 28,295 at the start of 1979 to 24,108 at the beginning of last year, while petrol throughput rose by almost 10 per cent.

But because there is still too much capacity and because the strength of the dollar has prevented the fall in oil product prices feeding through into European countries—European oilmen call this "the third Opec shock"—profit margins are thin to non-existent.

Most large oil companies, however, know that they have to hold on to their petrol marketing businesses because only in transport is there any prospect for growth in oil demand. Gulf and Socal took a different view, but are still competing vigorously in a very similar vein in the U.S. gasoline market.

Adding to the anxiety in the medium-term in the European downstream sector is the knowledge that almost 60m tonnes a year of new refinery capacity is close to completion in the Middle East. Kuwait Petroleum, meanwhile, has bought most of Gulf's European downstream business and the Saudis have gained a foothold in Italy.

"We have blown hot and cold on this one, ranging from deep anxiety to calm," says a senior executive in a major oil company. "At the moment, we're in the calm phase because we think the new refineries won't run at capacity and because it's not in the interests of the Saudis or the Kuwaitis to knock the bottom out of product prices."

These changes, sometimes characterised as the de-integration of the oil majors, really amount to something more basic than that. They are the signs of an industry which for years had known nothing but growth, learning now to live with decline and little promise of an oil price explosion to cover the traces of poor management decisions.

But in the oil industry, there is more than one reason why a company may eventually fail: not only does it have to compete in terms of the efficient production and sale of its product, but it also has to have enough oil, obtained at the right price, to carry on. In any case, the scale of overcapacity in downstream oil—Data Resources forecasts *that European refineries will* still be operating at 70 per cent of capacity even in 1990—suggests margins will continue to be tight.

If oil companies are to go on prospering they have to find, or acquire, oil, and last year the U.S. consumed twice as much oil as it produced. Meanwhile, ominously *for the oil majors* and in spite of all the exploratory efforts of the last decade, Opec's share of total world reserves has scarcely changed. This is why, if it can retain discipline among its disparate members, Opec can afford to play a waiting game.

The Western oil companies know they do not have this option and this explains why they are spending record sums on exploration, taking the level of drilling outside North America to peak levels and sharply reviving the U.S. drilling scene as well. It also accounts for the fact that groups like Mobil have remained loyal to their Aramco supply agreement with Saudi Arabia, even through periods when that meant paying a premium for oil on spot market rates.

To some critics the strategy of companies like Mobil looks vulnerable if not complacent. According to Mr Ted Newland, former head of strategic planning at Royal Dutch Shell, these more demanding times will divide the oil industry into two groups: those whose dwindling reserves force them merely to buy, sell and refine products amid diminishing economies of scale and those which exploit a strong technological base to find oil. *It is* the latter type of company which will prosper in the long run.

Or as Daniel Yergin puts it: "There is a process of reconsideration going on. People are asking themselves what business they are in now and what business they are going to be in in a decade." This time, unlike the diversification era, the oil companies know they *cannot afford to get it wrong.*

RECENT OIL MERGERS

		Value of deal $bn
1981	Sohio/Kennecott	1.77
1981	Elf Aquitaine/Texasgulf	2.74
1981	Du Pont/Conoco	7.21
1981	Kuwait Petroleum/Sante Fe Int.	2.50
1982	U.S. Steel/Marathon Oil Company	5.96
1982	Occidental Petroleum/Cities Service	4.02
1983	Phillips Petroleum/General American Oil Co. (Texas)	1.14
1983	Diamond Shamrock/Natomas	1.52
1984	Royal Dutch-Shell/Shell Oil	5.20
1984	Texaco/Getty	10.10

Research: Sue Hopkins, FT Editorial Research Desk

THE SEVEN SISTERS: RUNNING SHORT OF OIL

	Million Barrels Production	Million Barrels Reserves	Life of Reserves at 1982 Production Rate
Exxon	449	6,347	14.1 years
BP	474	6,474	13.6 years
Shell	496	6,995	14.0 years
Mobil	184	2,255	12.2 years
Gulf	191	1,968	10.3 years
Socal	170	1,626	9.6 years
Texaco	230	1,943	8.4 years

Excludes pending Texaco-Getty and Shell-Shell oil deals

Source: Oil & Gas Journal, company annual reports

Men & Matters

Norsk rising

There has only been one hiccough in the remarkable growth of Norsk Data, the Norwegian computer company, since it came to the London Stock Exchange in search of capital in 1981. And David Reed, a senior director of County Bank, could afford to smile about that yesterday.

Reed was responsible for a Norsk share placing in March, 1982. "We hit a terrible day on the market," he says, "and we were left holding 800,000 shares at £6."

What seemed like a disaster at the time, turned out to be a blessing. "Just over a year later," says Reed," we placed as many of the shares as we wanted to sell, at £20."

The shares now stand near £28 — and Rolf Skar, Norsk's bearded and amiable 42-year-old president and chief executive was in London yesterday with some impressive growth and profits graphs to illustrate the up-and-up trend.

Now establishing a base at Newbury for its UK and European operations, the company has ambitions to make a greater impact in Britain.

Any joint ventures? "We would like access to ICL's marketing system," Skar smiles. "But we do not need access *to its technology.*"

Together with two colleagues working in Norway's defence research, software specialist Skar founded the company in the late 1960s. Six years ago, its market value was still only £636,000. Today it is a £273m company.

From the beginning, it has encouraged a high degree of employee participation—both in management and equity. Norsk workers now own around 12 per cent of the company. And there are several krone millionaires in Norsk's canteen and warehouse.

"Yes, but what happens if we have a full union meeting?"

Secret ills

The Government ban on trade unions appears to be the least of the worries besetting the staff of its high-security Communications Headquarters at Cheltenham.

A study of shift-working patterns at GCHQ by Dr Peter Smith and Dr Spencer Bennett, of Bradford University's School of Studies in Psychology, suggests that staff problems are too personal to be solved by a few shop stewards.

The survey reports, for instance, that 85 per cent of GCHQ staff found their shift-work made them tired. Fifty-three per cent said it made them irritable, and 22 per cent suffered from depression.

And if the work is a headache for many, more find it increasingly difficult to stomach. Fifty-three per cent reported upset appetites, and 43 per cent said they had indigestion.

Worst of all, perhaps, is the plight of the 58 per cent who confessed to be gripped by flatulence.

Pay packets

It is, perhaps, small wonder that nationalised industries still find it hard to lure top talent away from the private sector.

Alastair Morton, chief executive of Guinness Peat Group, has wide experience on both sides of the fence. His efforts at the loss-making Guinness Peat earned him a salary of £130,106 in the 17 months to September according to the latest report and accounts published yesterday. On top of that he can count on options to buy 191,310 shares in the company between now and 1992.

Four years ago he was reportedly earning about £40,000 a year as a managing director of BNOC, the state-owned oil company, from which *he departed noisily in mid-*1980.

In that year BNOC reported a net profit of £117m, and sported capital employed 17 times greater than the £55m disclosed by Guinness Peat yesterday.

Still building

Ross Belch, aged 63, former managing director of Scott Lithgow, the threatened shipyard on the lower Clyde, Scotland—he defended its pre-nationalisation record in the FT letters column yesterday—is not a man who believes in standing still.

He has now extended his business activities by joining the board of the British subsidiary of Kongsberg, the Norwegian armaments and marine technology company. He is already chairman of Jebsens Offshore Drilling. The Bergen-based Jebsens group built a number of ships at Scott Lithgow in Belch's time.

Belch left Scott Lithgow more than four years ago. His individualistic leadership style was never really in tune with the aims of the nationalised shipbuilding industry, although he stayed with the yard for over two years after nationalisation.

One of his recent tasks has been to advise the Gibraltar government on the thorny question of how to convert the naval dockyard into a commercial ship repair facility after the Royal Navy pulls out next year.

True to form, Belch is at the edge of a controversy here as well. Commercialising the dockyard was being viewed as a key issue in yesterday's general election in Gibraltar.

Spiritual aid

If, like me, your attention tends to wander during the Sunday morning sermon—"surely the Vicar served that one up less than a year ago"—I recommend clubbing together to buy your incumbent a home computer.

There could be marked improvement in the standard of sermons now that a company called Kingdom Software has begun providing computerised clergymen with a free "sermon generator" programme.

Personal Computer World, which has inquired into this ecclesiastical revolution says the programme, "turns the testaments into a huge database which can be interrogated for any hit word required."

View-point

Report of a Sussex council meeting: "Mr —— said it was a disgrace that there were no washing facilities for council members. After a show of hands, it was agreed that a wash-basin should be installed."

Observer

POLITICS TODAY

The Tories: still quite happy

By Malcolm Rutherford

MR FRANCIS PYM, the then Foreign Secretary, said on television during the last general election campaign that the Government did not want an overwhelming majority. Somewhere between 50 and 100 would be quite enough.

Mr Pym's remark has been very much in mind in the past few days as, in a succession of debates, some Tories have voted against their own party, or at least abstained. Mr Pym himself spoke out strongly against the Government's approach to the rate support grant. Is this the beginning of a Tory rebellion and the birth of an opposition within the governing party?

The answer is almost certainly a "no," though it is worth stressing that these are early days and that it could well look different in two years' time.

For anyone who wants to look it up, the history of internal party dissent in post-war parliaments is well documented in a series of books* by Philip Norton. Quite the most conspicuous example was Mr Edward Heath's administration of 1970-74.

A total of 160 Tory MPs voted against the Government at least once while Mr Heath was Prime Minister. No fewer than 100 voted against more than once, and 12 voted against 50 times or more. Prominent among the dissenters were Mr John Biffen, now the Leader of the House of Commons, Mr Nicholas Ridley, now the Secretary of State for Transport, and Mr Enoch Powell, then a Tory member, who voted against the Government in 115 divisions.

One or more Tories voted against their own party in nearly 20 per cent of all votes. Nothing like that had happened since well before 1945. The nearest equivalent was the Tory administration of 1959-64 when there was internal dissent in 12 per cent of divisions. But that Parliament ran its full term and the Tories had a majority of 120. Mr Heath had a majority of 30.

The Tory revolts of the last week or two seem paltry by comparison. There have been four divisions where Tory dissent was expressed: on the privatisation of the Royal Ordnance Factories, on the rate-capping Bill, on housing benefits and on the rate support grant. Deliberate abstentions, of which there may have been a total of up to 50, were more notable than votes against.

The Tory revolts of the past few weeks seem paltry compared with those when Mr Heath (left) was Prime Minister. Mr Francis Pym (right) was Chief Whip at the time, but his advice was not heeded

In so far as there was any pattern of rebellion, it was striking that a number of senior ex-ministers were involved. Thus Sir Ian Gilmour spoke sharply against the Royal Ordnance Bill, though he then merely abstained. Mr Heath savaged the rate-capping Bill and voted against it, along with several other former ministers such as Mr Geoffrey Rippon and Mr Maurice Macmillan. Mr Pym threatened to vote against the rate support grant, but in the end abstained, having appeared to have won some concessions.

Only three new Tory members voted against the Government on any of the above occasions. Mr Roger Freeman, the MP for Kettering, opposed the rate-capping Bill. Mr Terence Dicks, the MP for Hayes and Harlington, opposed the rate support grant, and Mrs Ann Winterton (Congleton) voted against the Royal Ordnance plans. Even then, there tended to be special circumstances. Mr Dicks has a background in the Greater London Council and Mrs Winterton pointed out that a Royal Ordnance plant was the biggest single employer in her constituency.

Yet if the new Tory majority seems tame, the interesting question is why. Some of the answers are obvious. It is little more than six months since the general election and the new Parliament has spent almost half its life so far in recess. There is an unusually large number of new members and they are taking time to find their feet.

Besides, the issues which have arisen in the last few weeks are not ones on which many of them would wish to rebel in the first place. Privatisation is by now a well-known Tory theme. The promise to do something about the rates figured prominently in the party manifesto and in the election campaign.

There is also perhaps an unusually strong sense of loyalty to Mrs Thatcher. Without her, many of the new Tory MPs suspect that they would not be in the House of Commons at all. There is, too, a sense that when Mr Heath, in particular, attacks the Government his motives may not be entirely pure.

Not least, this is the new Tory Party. Its affinities do not naturally lie with the old patrician guard of Mr Pym or Lord Whitelaw, but more with the Tebbits and the Parkinsons.

Yet there must be more subtle forces at work as well. One concerns the new members and the time they are taking to settle down. There is a quite striking difference between the behaviour of the new Tory intake of 1983 and that of 1979.

The latter group set up their own dining clubs at once, the Blue Chips and the Dirty Dozen and so on, as the Whips came to call them. Many of them wanted to vote against the Government as quickly as possible, almost as proof of their virility.

The 1983 intake seems to have taken an almost conscious decision not to imitate its predecessors, some of whom are regarded as self-publicists and exhibitionists. There are no dining groups of new Tory members this time and, so far as one can tell, there is no deliberate organisation whatsoever. Some of that may come as they get to know each other better.

The inexperience of the new members apart, however, it is hard to resist the conclusion that the Tory Party at present is being skilfully managed. Equally, it appears that many of the new members are happy enough that this should be so. They accept that if they want to influence policy they should work from within the party rather than by ostentatious voting in the division lobbies.

Thus Mr Tony Baldry, the new member for Banbury, made a very strong speech against Government policy in the debate on housing benefit. He was in a slightly delicate position because he had worked for Mrs Thatcher before she became Prime Minister. But he also knew the ropes. He had warned the Whips in advance, the relevant party committee and the ministers concerned, that this was what he was planning to do. And he did not vote against. Mr Baldry says he is confident that at least some of what he said will be heeded.

Other new members tell similar stories of making their influence felt in party committees, especially on housing benefit. This, they claim, is how it should be.

There seem to be no more complaints than usual either about the behaviour of the party whips, except on the business of "pairs." With such a large Tory majority, there aren't enough to go round. Sir Ian Gilmour once wrote that the function of the whip is more that of a shepherd than a sheep-dog, and new members say that that is a fairly accurate reflection of what is happening now.

Of course, there are other factors: hopes of promotion or of exotic foreign trips, or a reluctance to rebel before you feel more at home. There is also no general election in sight, and therefore no immediate fears about losing the seat or even of being de-selected by the constituency association.

Yet the difference between Mrs Thatcher's present Parliament and that of Mr Heath seems to be twofold. One is that there have not so far been many contentious issues in Tory party terms. The other is that Mr Heath is not Prime Minister.

It is perhaps fortunate from the Government's point of view that the debate on capital punishment took place very shortly after the Parliament had been elected. Members did not have time to get to know each other and to exchange views. The issue is now out of the way. Nothing like it has emerged since to rival the disputes which plagued Mr Heath's administration. There was the European Communities Bill, the U-turn on economic policy, Northern Ireland, immigration and the Maplin Development Bill, all of which divided the Tories almost as much as they divided the House of Commons. Some of them could again, but it has yet to happen.

Mr Heath was also a very stern, puritanical Prime Minister in a way that Mrs Thatcher has turned out not to be. True, he was capable of changing his mind, most notably on economic policy. But it was made very clear that it was he who had changed it. It was not the result of bowing to party pressures, listening to the advice of backbench MPs or even of members of the Cabinet.

He was reluctant to accept changes in legislation once it had been proposed and he was extremely tight on distributing the largesse. Mr Norton notes that of the backbenchers first returned in 1945 or before who had not received a knighthood by 1970 only one was rewarded during Mr Heath's Parliament, and he was Robin Turton, the Father of the House.

Above all, Mr Heath failed to take note of the considerable resistance that was growing against him during the latter stages of his premiership. Not all of it was based on opposition to his economic policies, though some of the non-interventionists under Mr Ridley were astute enough to take control for a time of the Conservative backbench finance committee. Some of it was based on pure personal resentment, and must have counted against him when Mrs Thatcher made her challenge. A few more knighthoods here and there and a few more concessions to the backbenchers might have made all the difference. The Chief Whip was, ironically, Mr Pym, who saw the dangers but whose advice was not heeded.

Mrs Thatcher, though once nicknamed Mrs Heath, has not emerged in that light at all. Her distribution of honours is, if anything, now being noted for being too lavish. The backbenchers are being kept reasonably happy. It may change—a bad by-election result or a slump in the opinion polls—and it may seem an anti-climactic note on which to end, but for the moment one has to report that the Tories are not rebelling very much.

* See "Conservative Dissidents," Temple Smith, 1978.

Lombard

Tripartism in practice

By John Lloyd

THE National Economic Development Council is 21 years old, and it may be argued that to have achieved the age of majority without being ground to dust by free marketeers or inflated into a Gosplan Agency by the central command planners is a success in itself.

Dr Keith Middlemass, whose history of the NEDC is published this week, affectionately chronicles these 21 years, and concludes:

"If one asks, then, what NEDC has achieved in 21 years, one answer is that it has stood for steady, reasoned adjustment to national and international long-term trends, as against the oscillating, hasty patterns and reversals of government policy—or rather that party-oriented public face of policy which has often differed from what governments and departments actually did or tried to do. . . . [The office] has provided, continuously for two decades, a rich vein of information about the problems and prospects of industries, which has influenced ministerial and departmental thinking and, most important, contributed to public understanding about interdependence

"NEDC is never more than one among many factors, and often a remote one when it comes to influencing change. But it is the only British institution which is dedicated, openly and wholly, to change, conceived of as non-political (in the party sense), scientifically quantifiable and indisputably beneficial."

Dr Middlemass, as his study Politics in Industrial Society showed, is an unregenerate tripartist who accepts the three great constituencies of government, labour and business and does not see the corporate state peeking round the corner each time they agree a common objective. On the contrary, he sees nothing more natural than that the NEDC should be "at all levels a place where more reconaissance, mutual education and tacit bargaining take place than ever appear in the minutes of the council or the committees: where language and images are adapted, polemic softened and the limits of practical power subtly defined."

The "naturalness" of the NEDC—expressed well in its half humorous, half contemptuous anthropomorphising into "Neddy"—is perhaps what has saved it. It could not be a Commissariat du Plan (though that example lay behind Macmillan's creation of it in March 1962) because that implied a state-centred direction of the economy which neither companies nor unions wished.

If it were to find a niche, it had to run with the grain of voluntary bargaining between the three estates which had been developed, in fits and starts, since before the first war and was predicated on a strong company sector, strong trade unions and an ultimate acceptance of the democratic process, and its consequences.

It may be as the late Andrew Shonfield has written in his "Modern Capitalism," that "the British find some difficulty in mingling government authority with private economic power and making ready use of the amalgam": but that is merely to define the inherent cultural difficulties in a tripartite structure; it does not predetermine failure.

The NEDC is not, and in the British polity could not be, a command organisation, into one end of which problems are fed to issue forth as solutions from the other. Rather it sits astride a series of crossroads in the country's political, industrial and (increasingly) social life, attempting to spread a little soothing consensual balm on the feet of all those overburdened figures who rest briefly in it before they pass on through.

Radicals will always despise or at least be intensely sceptical about such a body, since it assumes that capitalism will continue, that organised labour should be consulted and that government can do something in and about the market.

The last two of these have been under intense attack over the past five years (Middlemass recalls that the Prime Minister, when leader of the opposition, had given freely of her belief that the council was a "waste of time"), but Neddy has now been exhumed from the political dungeons and given the potentially important task of stimulating debate on jobs and how to create them. It may make it into the third millennium yet.

Industry, Unions and Government, by Keith Middlemass, (Macmillan) £17.50.

Letters to the Editor

Muffled laughter from the TUC

From Mr K. Wright

Sir,—Your leader "Rumblings from the TUC" (January 20) infers that the Government is unlikely to barter the right of union members to elect their leadership in return for voluntary reforms of the political levy system.

One would hope not, because the legislation looks far from watertight already and all the indications are that Mr King and his Bill-drafters at the Department of Employment have been and continue to be, outsmarted in the poker game of debate on the Bill.

Trade union leaders win their spurs in the hard school of negotiations—always ask for more than you expect to get, always reject what you are offered. It is here that the Department of Employment has fallen down on the job. It has offered a Bill which has held fire on the levy and baulked at going for the only safe option, the postal ballot, for union elections.

Naturally, the TUC has raised its hands in horror. Surprisingly the Government have swallowed this predictable response and all the talk now is of concessions, with the Government appearing as the bully with the big stick.

When the dust settles on this weak little Bill, the only rumblings will be the muffled laughter of Messrs Murray and Keys as they laugh all the way to their newly-formed bank.

Ken Wright,
Flat 2,
24 Morden Road,
Blackheath, SE3.

From the Director,
Aims of Industry

Sir,—Your leader "Rumblings from the TUC" (January 20), suggests that Mr Tom King should not "bring in more law than he needs" on the political levy. No sensible person would dispute that.

The question is, what is the minimum law needed? It looks as if Mr King is going to legislate so that trade unionists are balloted every ten years or so on whether their union should be affiliated to a political party. That was one of Aims of Industry's recommendations — and so we are happy about that.

Your leader does not mention the appalling situation whereby trade unionists sign forms stating they do not want to pay the levy — and nevertheless this is deducted from their pay packet by their employer. In many cases they do not get the money back. One brave trade unionist, Jack Cleminson of the POEU, took nearly 13 years to get his political levy returned to him. And this only after many threats and a final appeal to the Certification Officer. Surely the Financial Times does not believe that this situation should continue.

Michael Ivens.
40 Doughty Street, WC1.

Building societies and insurance premiums

From Mr L. Hutchinson

Sir,—It is proposed that building societies should be permitted to convey realty and alleged that this would benefit the people; on the contrary building societies are quite as capable as solicitors of getting away with what they can.

Consider the "reinstatement" insurance whereby the society values "for insurance purposes" a house at many times its market value and several times the cost of rebuilding then adds inflated premiums to the helpless borrowers account.

I prefer solicitors who strike out like honest highwaymen.

Lindsay Hutchinson.
7, Mary Road,
Handsworth, Birmingham.

New Cross Building Society

From Mr G. McNab

Sir, — In the article by David Lascelles in your January 14 issue, you printed a notice which was on display the previous day outside the Pall Mall office of the New Cross Building Society.

The notice stating that the branch was closed was dated January 17, ie, post-dating the actual closure by at least four days.

I had no business with the New Cross, but had I been an investor I should be inclined to question the legality of post-dating such closure notices.

Gregor McNab.
East Longdens, 40 Green Road,
Knotty Green, Beaconsfield.

Hard truths on industrial decline

From the Director-General of the Chemical Industries Association

Sir, — Ian Rodger's article on Britain's industrial decline (January 23) rightly highlights the great problems faced by industry in getting the manufacturing trade balance back into surplus before the oil runs out.

The difficulties fall into two categories. "Outwith Problems," over which we have virtually no control at the level of one country, let alone one industry sector—such as international liquidity, NIC's desires to make their own moderate technology items (and perhaps less sensibly the high-technology items also), safety and environmental short cuts in developing countries, etc. And "Within Problems," over which we in the UK from government downwards have, to a greater or lesser extent, some control over our own destiny . . . despite what some politicians choose to tell us.

It is no good moaning about the "Outwith Problems"—like the weather they are always with us. But let me take the chemical industry as an example of the effect of the "Within Problems" and what we may be able to do to deal with them constructively.

This industry shares many of these self-inflicted injuries — an unrealistically high exchange rate; overpriced energy; an excessive rates and central services bill; high, albeit reduced, inflation and wage settlements.

Despite these problems, this industry has succeeded through 1983 in maintaining a very large positive balance of trade amounting to nearly £1.7bn in the first 11 months of that year. Incidentally, the figure quoted in the article of £276m drop in our surplus ignores the likely expected positive contribution in December which will show up when the figures are available. Thus we would expect our surplus for 1983 to be approaching, although not quite up to, the £1,938m figure of 1982.

Despite our 1983 achievement the situation gives no grounds for complacency. Indeed, it is of great concern to us that the remainder of the UK manufacturing industry shows an adverse balance of £6.5bn over this 11-month period (compared with a trade deficit of £1.6bn in the corresponding period of 1982).

Although the chemical industry's own performance has held up so well based largely on its international marketing efforts, we view the general industry trend with great alarm, since much of our UK customer base consists of other manufacturing industry, and their direct exports are our indirect exports.

Let us hope your article is taken to heart by decision-makers outside the manufacturing industry.

Martin E. Trowbridge.
Alembic House,
93, Albert Embankment, SE1.

Apples and pears in the EEC

From the Legal Information Officer,
Commission of the European Communities.

Sir,—It is difficult to see why A. H. Hermann, your legal correspondent, should take such exception (January 19) to the recent "apples and pears" ruling of the Court of Justice of the European Communities.

The ruling was based on Articles 30 and 34 of the EEC Treaty, together with the long established Community regulation establishing the common organisation of the market in fruit and vegetables (1035/72). It was under the latter that the Court held that the Apples and Pears Council, a statutory body with wide powers, is not entitled to force its members to adopt quality standards different from the common EEC standards. Mr Hermann may or may not approve of the regulation, but it exists and the Court had no choice but to give it effect. If Mr Hermann disagrees with the Court's interpretation of the regulation, he should say why.

He concludes that ruling of the Court amounts, in effect, to saying "thou shalt not produce better apples than golden delicious." But, in the ruling, the Court went out of its way to explain that simple recommendations concerning quality (as distinct from the use of force) would not be illegal and that Community rules "certainly do not prevent competition regarding the quality of produce between growers in a member state or between these growers and importers."

Robert Sheaf.
8, Storey's Gate, SW1

A. H. Hermann writes: I differ from the court's conclusions for the same reason as Madame Simone Rozes, the Advocate General in this case. Mere recommendations are compatible with EEC regulations. Even the court recognises that the Council recommendations are non-mandatory and still less speaks of "force." But it concludes that it would be illegal for the Council to use its authority to "press" producers towards higher than EEC quality standards.

FINANCIAL TIMES

Friday January 27 1984

French bank chief in tough monetarist stance

By David Marsh in Paris

M RENAUD de la Genière, governor of the Bank of France, has issued a strongly-worded call for the Socialist Government to maintain tough fiscal and monetary policies to achieve a permanent improvement in the country's balance of payments.

In a speech delivered this week in Paris, M de la Genière criticised the "harmful secondary effects" of the French system of credit ceilings, traditionally employed to dampen growth of bank loans.

Hinting strongly that he would like to see higher interest rates rather than credit limits to restrain monetary growth, M de la Genière labelled as "an error" the extension of subsidised credits (which now account for about half of all credits throughout the economy), saying that they misallocated investment resources.

M de la Genière, who was appointed governor in 1979, has adopted a low public profile since the 1981 change of government.

His outspoken comments favouring a more "monetarist" approach in France – in his speech he also attacked the notion that French interest rates could be "deconnected" from those abroad – are likely to increase the hostility of those Socialists who are already uncomfortable with the Government's switch to economic "rigour."

M de la Genière underlined that France's current account balance of payments deficit was caused by the Government's rising financing needs over the last few years, which went well beyond the parallel increase in domestic savings.

He also reminded the Government that it not only needed to eliminate the current account deficit, but also to achieve a surplus, in order to reduce foreign indebtedness in coming years.

France increases Chad force

By David Housego in Paris

FRANCE yesterday sent more Jaguar fighter-bombers to Chad to demonstrate how seriously it views the shooting down of one of its aircraft by Libyan-backed rebel forces.

The Ministry for External Affairs implicitly blamed Libya for Wednesday's incident in which the French pilot was killed. The ministry said that "Libya seemed to bear the responsibility," and there was no concealing the seriousness of the affair.

The French now have to decide whether to carry out reprisals which could run the risk of escalating the conflict. French public opinion would be strongly against any deeper involvement in Chad at a time when French soldiers are under attack in Beirut.

But failure to respond could equally be taken by Colonel Muammer Gadaffi of Libya and France's African allies as a sign of weakness.

The reinforcement aircraft were stationed in Gabon as part of the French build-up in August.

The Jaguar was shot down at twilight by a SAM-7 missile as it was flying low over the column of rebel forces retreating from the government-controlled zone.

French officials said yesterday that although the rebel force had Soviet equipment, they were unsure whether it also included Libyan troops.

A further disquieting aspect of the incident for France is how rebel troops penetrated into the government-controlled zone without being seen. Two Belgians and an American adviser were taken prisoner by the rebels.

Tax cut in London may embarrass Thatcher

BY ROBIN PAULEY IN LONDON

THE Greater London Council, the Labour-controlled local authority which Britain's Conservative Government plans to abolish because of its alleged profligacy, yesterday announced a cut in property taxes.

The move is an embarrassment to the Government, which has recently faced unrest within its own ranks over plans to control local spending and taxation and to limit the level of central government support for local councils.

The GLC said that the reduction was attributable, in part, to a larger than expected increase in revenue as a result of its cheap fares policy on public transport.

Mr Ken Livingstone, the GLC leader, is a leading left-wing Labour critic of Mrs Margaret Thatcher's Government. The Conservatives, for their part, have focused on the GLC and Mr Livingstone in their effort to control spending by local authorities and reduce their autonomy. They have also attacked the GLC for its funding of controversial causes and association with left-wing and other fringe groups.

The GLC yesterday announced a 6 per cent cut in rates (property taxes) and said that it was planning to freeze the low London Transport fares, freeze rents for public housing and spend £120m ($168m) on improving and extending existing services.

The council is also providing £20m "for London" which will be distributed to London boroughs which apply for aid to alleviate the effects of the central government subsidy which benefits rural areas at the expense of urban councils in general and London in particular.

The rate cut comes as the Government is in the middle of a controversial campaign in defence of its plans to abolish the GLC in 1986, suspend its elections in 1985 and set a maximum rate level for 1985-86 when the council will be run by a shadow body before being abolished.

"If I was Mrs Thatcher I do not think I would be pleased to see that we are doing this with £120m of growth and yet cutting rates. I hope Mrs Thatcher will join us with all London ratepayers in saying 'Rejoice, rejoice,'" Mr Livingstone said yesterday.

The rate cut together with £120m of new growth is the result of a combination of factors. The cheap underground and bus fares have attracted more passengers on to public transport than expected, producing £35m more in fares revenue than even the GLC's own predictions. Lower than expected interest rates have also helped to produce larger surpluses than forecast. Most importantly, the GLC, which spends so far above government targets that it gets no subsidy, has qualified for an unexpected £100m of grant for 1982-83.

In addition, Mr Livingstone said, there had been some creative accounting "between the years," which is a common practice of reallocating some expenditure between different financial years. This, together with the accumulation of balances in early years after an election, often means that substantial rate subsidies can be provided to hold rates at a low level in election years. Normally this would have occurred next year but the GLC Labour group appears to have judged this year a more opportune time to embarrass the Government's attempts to brand the council a profligate high spender and introduce legislation for its abolition.

British Steel and TI group to merge drawn tube operations

BY PETER BRUCE IN LONDON

THE BRITISH Steel Corporation (BSC) and the TI Group, the UK conglomerate, have agreed to merge their cold-drawn steel tube businesses into a single operation worth an estimated £30m ($42.2m). The move follows agreement late last year to merge the BSC and TI seamless pipe businesses.

About 240 jobs are likely to be lost as a result of the merger, which has yet to be approved by the UK Government. TI said yesterday the deal would not go ahead if it was referred to the Monopolies and Mergers Commission.

The deal involves merging BSC's cold-drawn (tube-stretching) business at Corby, in the Midlands with the TI Tubes business at Aston, in Birmingham, and the cold-drawn parts of TI Accles & Pollock.

The Aston site will close, and most of the redundancies will occur there.

TI, which has recently completed a £1m investment programme at the Accles & Pollock site at Broadwell in the West Midlands, plans to take a 75 per cent stake in the new business. The state-owned BSC would take the other 25 per cent. That reverses the holdings agreed in the seamless pipe merger, where BSC holds the majority stake.

TI said the rationalisation of the cold-drawn sector – which supplies a range of stretched seamless tube to the motor silencer, cycle tube, boiler, and mining industries – was "necessitated by a substantial decline over the last few years in the UK demand for cold-drawn tubes."

The proposed merger is a consequence of the changes in the market. In 1982, BSC had misread demand and tried to sustain a price increase of 25 per cent on its welded tube products. Independents and importers took advantage and obtained an estimated 20 per cent of BSC's UK market share, which fell to about 55 per cent.

Last January, the corporation cut its welded tube prices by 25 per cent. In some products, the price cut was higher.

The effects of BSC's welded tube price cuts and the collapse in prices of an associated sector, the seamless market, wrought a dramatic change in the shape of Britain's steel tube industry.

In the second half of 1982, when the seamless market began to weaken, BSC – Britain's only producer of oil country seamless pipe – and TI, a leading producer of commercial seamless grades, began to look for ways to rationalise their activities to cope with lower demand.

Those negotiations concluded late last year with the creation of Seamless Tubes, a merger of BSC's seamless mill at Corby and the TI Weldless commercial seamless mill at Wednesfield in the West Midlands.

BSC took a stake of just under 75 per cent in the new business, with TI reducing its exposure in the industry with a stake of just over 25 per cent.

German trade surplus falls

BY RUPERT CORNWELL IN BONN

WEST GERMANY recorded a substantial drop in its traditionally high trade surplus last year, but a big improvement on the services side enabled it to report a virtually unchanged current-account surplus.

Figures released by the Federal Statistics Office show that the basic trade surplus fell last year to DM 42bn ($14.9bn) from the record DM 51.3bn achieved in 1982. The deterioration was a result of a 4 per cent increase in imports, while exports were static.

The surplus in December 1983 on its own declined particularly sharply, to DM 4.1bn from DM 5.4bn a year earlier. Even so, the total surplus was the third highest achieved in a single year.

The current account meanwhile fell back only slightly to DM 8.4bn from DM 8.6bn. Transfers abroad, largely in remittances home by immigrant workers in West Germany, were a little lower, at DM 26.5bn.

But the biggest change came in the services sector, where the deficit more than halved to only DM 7.1bn.

The prospects on the trade front for 1984 are mixed. While an upturn in foreign orders last year bodes fair for exports, the high level of the dollar, if it continues, threatens to increase import costs.

But if those pressures can be contained, the Economics Ministry believes the current year could produce a marginal current-account surplus.

According to the Statistics Office, West Germany imported goods worth DM 390.4bn last year, while its total sales abroad reached DM 432.3bn.

Regan urges action on U.S. deficit

Continued from Page 1

Union address yesterday divided Republicans and Democrats on party lines, with Republicans hailing it as a "great" and "brilliant" speech. Mr Reagan had successfully claimed the high ground with his optimistic, patriotic vision of America and firmly established an image of strong leadership, Republicans generally thought.

Democrats however, attacked the speech for failing to address the issue of "fairness" in American society, on which they regard Mr Reagan as particularly vulnerable.

Mr Reagan's philosophy had not changed, said Mr Tip O'Neill, Democratic Speaker of the House of Representatives. "He's for saving souls on Sunday and hitting average Americans and the poor on Monday."

Mr O'Neill echoed a main Democratic theme by criticising Mr Reagan for devoting only one paragraph of the speech to Lebanon and the continuing U.S. marine presence in Beirut.

The official Democratic response to Mr Reagan concentrated on his failures to achieve a major foreign policy success or an arms control agreement with the Soviet Union; the plight of farmers; the deficit and high interest rates; jobs; education and the environment.

Critics asked how Mr Reagan planned to pay for a $8bn space station, $8bn and more in aid for Central America over the next five years, stronger national defence and a stepped up war on crime at the same time as he was proposing a constitutional balanced budget amendment.

Democratic Senator Sam Nunn of Georgia said that while he welcomed Mr Reagan's proposal for a bipartisan effort to cut the deficit, it would not work if he declared major spending areas off limits.

Talbot still faces a long road to recovery

By Paul Betts in Paris

THE SCARS are slowly beginning to heal at Talbot. Peugeot's strife-torn Talbot plant at Poissy, outside Paris, reopened two weeks ago, and production has picked up faster than the troubled French car company had expected.

Production at Poissy this month is expected to average 560 cars a day, and by next month, it should be averaging 1,000 a day.

Despite these encouraging signs, Talbot still has a long way to go to recover from the five-week production shutdown at Poissy and the labour violence that hit the plant at the beginning of the year.

The company's future is still in the balance and the coming months will tell if Talbot can survive as a marque. Talbot's penetration of the French market plunged to 2.5 per cent in the first two weeks of this month, largely because of a lack of stocks. Its share of the French market last year declined to 4.5 per cent from 5.3 per cent in 1982.

Peugeot, at this stage, remains firmly committed to its Talbot marque. After finally reaching agreement with the Government and the unions over its controversial redundancy programme for Poissy, the motor group is going ahead with FFr 1.2bn ($1.395m) worth of investments at Poissy to modernise the plant.

Poissy remains a key component of Peugeot's industrial strategy and one of the group's main manufacturing poles in France. The new investments will enable Poissy to become the main production centre of a new medium-range car, code named "C 28".

The private Peugeot group has not yet formally announced that the new medium-range car will be a Talbot. But, at this stage, and barring any further major upsets, it will undoubtedly be a Talbot model to replace the Horizon. The new car is due to be launched in the autumn of next year.

While maintaining Citroën as a separate autonomous subsidiary, Peugeot is continuing to rationalise its Talbot and Peugeot car operations. To keep the Poissy site going and increase overall output, production of the commercially successful Peugeot 205 "supermini" has begun at Poissy, where the small Peugeot 104Z is also being assembled.

The rationalisation is also embracing the Talbot plants in Spain, and in Coventry in the UK. At Madrid, the car group will eventually be assembling 300 Peugeot 205s a day.

It is unlikely that 205s will be manufactured at Talbot's Ryton assembly plant in Coventry. Instead, the new "C 28" is likely to be produced there, but this will hinge on talks between the Peugeot group and the British Government over future investment at the Coventry site.

Peugeot is also continuing to rationalise its abnormally large model range. Between them, Peugeot and Talbot had as many as 13 models at one stage.

There are now eight models and the company would like to rationalise the line further to five or six during the next two years.

Peugeot's main concern now appears to be to try to keep out of the headlines and work quietly to restore confidence and harmony at Poissy.

The Talbot affair, as it is known in France, appears to have slipped out of the public eye, but the overall problems of the French automobile industry remain at the forefront of the Socialist Government's preoccupations.

After the latest Peugeot restructuring programme, it is the turn of Renault, the state-owned car group. Government ministers are already beginning to tackle the Renault dossier, which is likely to involve reducing the car group's workforce by 10,000 between now and 1986.

EEC extends steel regime to end of 1985

Continued from Page 1

sises the pressures on the industry to adjust its capacity more closely to likely demand.

But the 1 per cent increase is not likely to be spread uniformly across the product range. A higher increase would be likely in products with a higher added value, Viscount Davignon told the ministers. Such products include items like coated sheets.

That might present problems for the management of the steel production quota and prices regime.

Last year, the production of crude steel in the EEC fell to 108.4m tonnes from 110.5m tonnes in 1982 and 125.1m tonnes in 1981, according to EEC statistics

THE LEX COLUMN

Auto-da-fé for CCA

The fortunes of the current cost accounting standard SSAP 16 have fallen as precipitously as inflation over the past three years. Hailed in 1981 as a bold advance in the quality of accounting and disclosure, it is now being shuffled off to the footnotes of annual reports, where it will attract the attention of only the most enthusiastic inflation accountants.

Even if inflation were still raging at 20 per cent, the Accounting Standards Committee would probably have emerged from this debate with its credibility badly damaged. As it is, the absence of an effective user lobby and the failure of the profession to reach a consensus have pushed the ASC to adopt the lowest possible common denominator.

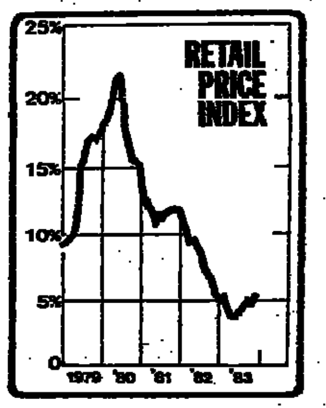
The requirement that companies produce separate current cost accounts has now been abandoned, as has even the proposal that current cost adjustments be incorporated in historic cost profit-and-loss accounts to facilitate a ready reckoning of CCA dividend cover.

The ASC's hope that companies will produce CCA figures as a substitute for the historic cost revenue account is so forlorn as to be almost preposterous. Outside the ranks of nationalised industries, historic cost has always been the dominant convention and, for reasons of simplicity as well as comparability, it is as well that it should remain so.

The ASC is not, however, putting up any struggle to retain the CCA balance sheet. It is still possible that basic data on fixed assets and working capital will be retained, but the principle of the matter is already surrendered.

The most striking volte-face of all is on the issue of universality, which the ASC's inflation accounting sub-committee was propounding as an article of faith less than a year ago. To abandon it, so its enthusiasts claimed, would be like insisting that lorries henceforth be driven on the opposite side of the road to everything else.

That argument never seemed particularly convincing. It is unreasonable to expect a small company to make inflation adjustments which even its larger brethren find vexing, and the compromise solution suggested by the ASC – that a simpler solution be found for small companies based, perhaps, on general price movements – looks sensible in principle. Yet in the present



climate, it is reasonable to suppose that the whole idea will be gently shelved.

The most distressing feature of the new arrangements is that no serious attempt has been made to establish an alternative formula for inflation accounting. Yesterday's blueprint is for a truncated SSAP 16 in fine print. As such, its survival prospects are limited. The danger is that, if high inflation returns, there will be nothing to put in its place.

Norsk Data

Norsk Data typifies the kind of fast-growing Scandinavian company which has lately been attracting the attention of the international investment community. Since 1981, this Norwegian mini-computer manufacturer has tapped the equity markets in New York, London and Oslo, bringing its gearing down from 150 per cent – modest by Norwegian standards – to zero.

Yesterday's full-year figures to end-December continue Norsk's remarkable growth record. In fact, the rise in pre-tax profits – up 93 per cent to NKr 135m – £12.2m – is above the company's recent average.

With sales outside Norway now more than 60 per cent of the total, Norsk is increasingly clashing with U.S. competition on neutral European territory. It is also moving from its academic and governmental customer base to a wider commercial market, and thereby engaging in a delicate balancing act. In its early days, the company focused on production, with the emphasis on performance rather than price. Now that it competes more directly with U.S. companies oriented to marketing, it is necessary to dictate more to the R&D department on price, without losing the edge on power and performance.

On a share price of £27⅝ (down £⅞), Norsk is capitalised at around £275m, making it comfortably the second largest stock on the Oslo bourse. With this year's profits heading for a conservative NKr 190m (£17.2m), the forecast actual tax multiple is 20 – belatedly in line with Norsk's U.S. rivals.

Hanson/London Brick

London Brick's profit forecast of £36m before tax this year has gone well clear of anything that was in the market before it appeared and – despite some scepticism about the quality of London Brick's projected 57 per cent increase in earnings – it must also have lifted the company beyond the reach of the current Hanson terms. Yesterday's market left the paper offer more than 9p short of London Brick's 160p share price.

That pushed the ball deep into Hanson's court, a position from which Lord Hanson's response yesterday evening has probably not managed to return it.

Plainly, since Hanson is trying to acquire the future profits of London Brick it can cut little ice to play down the value of the company by taking last year's earnings and multiplying by the historic p/e of the building materials sector. This is not much of an improvement on London Brick's own comparison between the prospective p/e of 8.6 which Hanson is offering and the historic multiple of 13.7 on the All Share – a clear case of bricks and breeze blocks.

Perhaps anticipating a further increase in the Hanson terms, London Brick is now dangling various forthcoming attractions in front of its shareholders. These include an improved product a fletton with greater frost resistance and more consistent colour – as well as a valuation of clay reserves at something in excess of their present book treatment as agricultural land. It is also claimed that less conservative accounting policies for stocks and smoother production scheduling will flatten out the earnings cycle somewhat. Yet in the face of all these arguments for a rerating, it is hard to see London Brick without a bid being valued at much more than the nine times earnings to which Hanson has now lifted it.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Dubrovnik	S	7	45	Malaga	F	13	55	Salzburg	S	1	34
Akrotiri	F	14	57	Faro	C	13	55	Malta	S	15	59	Seoul	F	-6	21
Algiers	S	[illegible]	59	Florence	F	5	41	Manila	S	30	86	Singapore	R	29	84
Amsterdam	Sl	1	34	Frankfurt	F	-1	30	Miami	C	26	79	Stockholm	Sn	-8	18
Athens	S	12	54	Funchal	F	14	57	Milan	C	3	37	Strasbourg	C	1	34
Bahrain	S	20	68	Geneva	C	-1	30	Moscow	F	-4	25	Sydney	R	29	84
Bangkok	S	32	90	Gibraltar	F	15	59	Munich	Sn	-1	30	Taipei	C	14	57
Barcelona	F	14	57	Guernsey	S	8	46	Nairobi	-	—	—	Tangier	C	16	61
Beirut	R	13	55	Helsinki	C	0	32	Naples	S	10	50	Tehran	-	—	—
Belgrade	C	0	32	H. Kong	C	12	54	New Delhi	S	20	68	Tel Aviv	C	16	61
Berlin	S	1	34	Innsbruck	S	-4	25	New York	S	9	48	Tenerife	C	19	66
Biarritz	F	14	57	Inverness	Fg	-3	27	Nice	C	8	46	Tokyo	S	7	45
Blackpool	C	2	36	Istanbul	R	7	45	Oporto	C	10	50	Toronto	C	2	36
Bordeaux	R	9	48	Jersey	S	8	46	Oslo	S	-11	12	Tunis	-	—	—
Brussels	C	2	35	Jo'burg	S	27	81	Paris	R	6	43	Valencia	F	16	61
Bucharest	C	2	36	Las Palmas	C	19	66	Prague	S	1	34	Venice	S	4	39
B. Aires	R	35	95	Lima	S	27	81	Reykjavik	C	-6	21	Vienna	S	1	34
Cairo	C	17	63	Lisbon	F	11	52	Rio de J'o	C	32	90	Warsaw	C	1	34
Cape Town	S	30	86	Locarno	F	3	38	Rome	S	10	50	Zurich	F	-3	27
Caracas	C	28	82	London	T	6	43								
Casablanca	F	19	66	Los Angeles	S	27	81								
Copenhagen	F	-2	28	Luxembourg	Sn	-1	30								
Corfu	S	10	50	Madrid	R	5	41								
Dublin	C	4	39	Majorca	F	15	59								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Andermatt (Sw)	100–120 cm	Good skiing everywhere
Ischgl (Aus)	50–160 cm	Powder on good base
Niederau (Aus)	40–130 cm	Powder on firm base
Saas Fee (Sw)	50–110 cm	New snow on good base
Seefeld (Aus)	75–120 cm	New snow on good base
Selva (It)	40–70 cm	New snow on icy base
Tignes (Fr)	200–310 cm	All lifts reopened
Villars (Sw)	80–130 cm	Good skiing but flat light
Wengen (Sw)	55–135 cm	Good snow on all slopes

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col)	40–90 ins	Packed powder
Hunter (NY)	24–82 ins	Packed powder machine made
Park City (Ut)	95–96 ins	One inch new snow
Stowe (Vt)	30–66 ins	Packed powder

Figures indicate snow depths at top and bottom stations.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, F. Barlow, R.A.F. McClean, M.C. Gorman, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

FINANCIAL TIMES

Friday January 27 1984

Divestiture charges hit AT&T's final results

BY PAUL TAYLOR IN NEW YORK

AMERICAN Telephone and Telegraph (AT&T), the giant U.S. telecommunications group which was split into several smaller entities on January 1, yesterday reported its final set of results as a single corporation.

AT&T's final quarter and full year results are, as expected, distorted by special factors including charges associated with the divestiture, accounting changes and one-off charges.

For the full year, operating earnings fell to $5.75bn or $6 a share from $6.99bn or $8.06 a share in the previous year.

The 1983 results include about $1.4bn in after-tax costs "much of it related to the Bell systems reorganisation," which reduced earnings by about $1.43 a share.

About two thirds of these costs were accounted for in the final quarter, reducing net operating earnings to $623m or 62 cents a share compared with $1.5bn, or $1.68 a year earlier.

In the final quarter a $5.5bn extraordinary charge, which had earlier been estimated at $5.2bn, to account for a writedown in AT&T's post-divestiture assets and other accounting changes, produced a final net loss of $4.87bn on revenues of $17.6bn, compared with revenues of $16.67bn in the previous year's final quarter.

The extraordinary charge, equivalent to $8.9bn on a pre-tax basis, reduced full year earnings by $5.87 a share and produced final net earnings of $249m or 13 cents a share on revenues of $69.4bn. This compared with a final net of $7.28bn or $8.40 a share after a $286.8m gain from accounting changes in 1982 on revenues of $65.1bn.

Mr Charles Brown, Chairman of AT&T, said "These results will be surprising as well as confusing to many investors. I want to stress that, in the main, they reflect one-time, one-of-a-kind events which are the consequence of the breakup of the Bell system. These results are by no means an accurate measure of current operations and they are certainly not predictive of the future earnings performance of AT&T and the Bell companies."

He added: "Today is the day when we close the book – and the books – on the Bell telephone system."

Dart & Kraft overcomes sales decline to record strong rise

BY OUR NEW YORK STAFF

DART & KRAFT, with business operations ranging from direct selling of kitchenware to processed foods, recorded a 24 per cent gain to $435.1m or $7.92 a share in net earnings for 1983. A decline at Tupperware was offset by substantial gains in other areas, with group sales down from $10bn to $9.7bn.

A modest gain in earnings in the final quarter, from $117.1m to $118.4m, reflected a tax credit of $1.4m.

Direct sales totals were down by 8 per cent in the quarter and 7 per cent on the year, reflecting a reduced dealer force in the U.S. at Tupperware, which sells plastic food and kitchen containers and the adverse effects of the strong U.S. dollar.

But the Kraft side of the group, created by merger in 1980, increased operating profits by 13 per cent for the year despite a 5 per cent fall in sales caused by withdrawal from some markets and discontinuation of low margin products in Europe.

Dairy group products were hurt by the U.S. government's dairy programmes which have included free distribution of cheese to needy families.

However, the board said that sales of the consumer and technical products businesses had risen by 20 per cent for the year.

Quaker Oats, the U.S. breakfast cereals group, and owner of the Fisher-Price toys company, reported a jump of almost 30 per cent in its second-quarter earnings to December, but said that most of the gain was accounted for by special factors.

Net earnings rose to $34.8m, or $1.89 a share, against $26.9m, or $1.31 a share. The 1982 results, however, were depressed by a $2.7m loss in discontinued operations, while the figures for the more recent quarter included a pre-tax gain of $5.7m, or 19 cents a share after tax, from a debt for debt swap.

Nabisco Brands the New York based food manufacturer, whose brands include Shredded Wheat, Planters peanuts and Walkers crisps, reported a 2.5 per cent increase in net profits last year, while sales rose by 2 per cent.

Net earnings in 1983 amounted to $322.6m, or $4.88 a share, against $314.7m, or $4.83 a share. Sales for the year amounted to $5.99bn compared with $5.87bn.

International operations reported increased operating profits

Shell tries to stem rumour of revised bid

By William Hall in New York

THE ROYAL Dutch Shell group yesterday tried to stem speculation that it might have to increase its $55 per share price for the minority stake in Shell Oil, its U.S. affiliate. However it admitted that this offer was increased by $2 per share after news of Shell's Seal Island discovery in Alaska's Beaufort Sea.

Shell Oil announced earlier this week that fourth-quarter earnings advanced 25 per cent from $438m to $549m, or from $1.42 to $1.78 per share. This pushed the annual result up from $1.6bn to $1.63bn.

In an effort to stem speculation, the giant Anglo Dutch group gave the first real indication of the importance of the Seal Island discovery. On the basis of the extra $2 per share, it values Seal Island at more than $600m for Shell Oil's shareholders.

Shell Oil has a 25 per cent interest in the prospect. The other partners are Amerada Hess (28.33 per cent), Amoco Production (28.33 per cent), Texas Eastern (15 per cent). Shell Oil announced the discovery last Sunday. After Royal Dutch Shell had internally agreed to offer $53 per share for the Shell Oil shares.

In a statement issued by its New York lawyers yesterday Shell said that before making its offer. Morgan Stanley, its investment banker, had advised that $53 per share "would be fair to the minority shareholders from a financial point of view".

Shell said it had put out the statement because of speculation in the Press that it might be forced to make a higher bid and by share dealing which had pushed the price up to $55.875 at one stage. Yesterday morning Shell Oil shares were trading $1¼ lower at $54⅝.

Standard Oil of Ohio, in which British Petroleum holds a 53 per cent stake, reported fourth-quarter net earnings of $324m or $1.32 a share against $464m or $1.89, reflecting a previously announced $163m write-off on its Mukluk Well Number One.

Compagnie Française des Petroles, the French Total group, expects to report a sharp improvement for 1983 after losing FFr 1bn ($116.3m) the previous year.

Damson Oil, the fast expanding U.S. independent oil and gas group, has made a surprise bid for Dorchester Gas, the Dallas-based energy exploration and refining company. Dorchester has already agreed to a $580m leveraged buyout which is still subject to shareholder approval at a meeting scheduled for late March.

PRESSURES MOUNT ON A WEST GERMAN BANK

Poullain shadow haunts WestLB

BY JOHN DAVIES IN FRANKFURT

IN THE DAYS when Herr Ludwig Poullain was in charge, Westdeutsche Landesbank (WestLB) followed a flamboyant, expansionist policy which made it West Germany's third largest bank. Since Herr Poullain left abruptly in 1977, the bank has tried to keep a somewhat lower profile, only to find itself embroiled in financial problems and top-level management shake-ups.

In the latest upheaval, two executives are leaving the management board in the wake of heavy write-offs and risk provisions which have almost totally eaten up the bank's record operating profit of DM 1.1bn ($392.8m) last year.

The crisis is a major test of the political and banking skills of Herr Friedel Neuber, who took over as chief executive less than three years ago.

While Herr Neuber is endeavouring to steer WestLB along a safer and more conservative path, he is confronted with growing concern among the bank's regional shareholders that a dividend should be omitted for the third year in succession.

WestLB, with its headquarters in Düsseldorf, is partly owned by the state government of North Rhine-Westphalia, which has a 43.2 per cent stake. The government is controlled by the Social Democratic Party (SPD) and Herr Neuber himself is a former SPD member of the state parliament.

The other shareholders are regional savings banks (33.4 per cent) and local community authorities (23.4 per cent).

WestLB was not only dominated – in fact created – by Herr Poullain. He has also, in a sense, cast his shadow over it ever since.

A cigar-smoking man of considerable ambition, Herr Poullain worked his way up in the regional savings bank and Landesbank network. He brought WestLB into being in 1969 through a merger of two publicly-owned banks. In addition to its regional activities, Herr Poullain thrust WestLB on to the international scene with major Eurodollar operations and other commercial lending abroad.

But Herr Poullain's outspoken manner and wide-reaching policies gave rise to doubts among local political and banking circles. Critics found an opportunity to move against him after it was disclosed that he had accepted a DM 1m fee for consultancy services to a finance and property broker.

Herr Ludwig Poullain

Herr Friedel Neuber

Herr Poullain resigned, declaring that his integrity had been called into question, but then was summarily dismissed retrospectively. He later faced charges of fraud, corruption and breach of trust, of which he has since been acquitted.

The Poullain affair, with its long drawn-out court hearings, has remained in the background as WestLB has struggled to pursue a realistic and financially sound role in recent years.

On Herr Poullain's departure, his job was handed to his deputy, Dr Johannes Völling. Two new deputies were appointed; Herr Ludwig Trippen, who is still in the post, and Dr Walter Seipp, who left to take the top job at Commerzbank in 1981.

Along with other banks, WestLB ran into major problems as high and rising interest rates led to seriously mismatched lending. It found itself financing long-term loans by means of short-term borrowing at higher rates.

With controversy building up over the bank's difficulties, Dr Völling lost support within WestLB's administrative council, the overall supervisory body which includes representatives of shareholders, and offered his resignation in mid-1981.

Herr Neuber, who was at that time a prominent member of the administrative council as a representative of savings banks, was voted into the top job at the bank in order to set about curing its ills.

His determination to set the bank on a more conservative course has been encouraged partly by changes in international capital markets, with less scope for growth and more risks. But he has also sought to emphasise the traditional role of a Landesbank as a supplier of credit for public authorities and industry in the region and as a clearing institution and "central bank" for local savings banks.

He called in the McKinsey management consultants, who prepared the ground for decisions to streamline the bank's administration and to overhaul its international operations. Proposals for change at the bank have precipitated the departure of a steady stream of executives.

With the lowering of interest rates and an improvement in the economic climate, Herr Neuber had given rise to hopes that WestLB would renew a dividend on last year's earnings.

Although there were signs during the year that risk provisions would have to be substantial, matters came to a head just before Christmas when the bank announced that operating earnings would be entirely taken up by risks and write-offs, apart from a small amount to go into mortgage savings bank reserves.

The problems have been both domestic and foreign. One of the most breathtaking has arisen from the activities of Deutsche Anlagen-Leasing (DAL), the West German leasing company in which WestLB has a 50 per cent stake, alongside other Landesbanks and Dresdner Bank.

WestLB has found itself bearing the lion's share of the burden, guaranteeing to meet 40 per cent of the DM 224m aid needed to cover DAL's 1982 risk provisions and facing 30 per cent of DAL's 1983 provisions, estimated at a total of DM 400m.

It has also run into other problems, including leasing and financial involvement with Wibau, a company associated with the ill-fated IBH construction equipment group of Herr Horst-Dieter Esch. Its Wibau exposure is estimated, however, to be relatively small, at under DM 30m.

Abroad, WestLB's setbacks included losses through its credit involvement with the Carrian property group in Hong Kong.

WestLB has given no reason for the departure of two executives from its management board.

One of them, Dr Heinrich Viefers, 56, was the chairman of DAL's supervisory board, a "watching-brief" which he inherited from Herr Völling when Herr Neuber decided not to follow in his predecessor's footsteps at DAL.

The other departing board member, Herr Vinzenz Grothgar, 49, a dynamic personality well known in international banking circles, was in charge of much overseas business, as well as some company business.

With rumours circulating that a third member of the management board was to go, WestLB denied this week that any other immediate changes were planned.

But it is already known that two members of the management board are due to retire later this year. Once they go, Herr Neuber will have on his board only two members who were there as recently as three years ago.

The changes give Herr Neuber the opportunity to strengthen his control through the choice of successors and to emphasise the need for a cautious policy.

But the latest financial setback provides him with a major challenge, with WestLB again becoming a centre of political controversy. Politicians of the Christian Democratic Union (CDU) have been quick to seize the issue to try to embarrass the SPD state government, by demanding to know why the state has received no financial return from WestLB.

The bank's path in recent years has been marked by obstacles and lingering controversies from the past. Not only has the Poullain affair been ever-present, but WestLB has also faced criticism and court action over its association with the luckless Beton-und Monierbau building concern, which went into liquidation in 1979.

With political and financial pressures mounting, WestLB faces a difficult rise in the immediate future, particularly if problems at DAL continue to produce unpleasant surprises.

Chairman of Cigna quits post

By Our New York Staff

MR RALPH SAUL, chairman of Cigna, the U.S. insurance group formed through the merger of Connecticut General and INA Corporation has announced his resignation from the post.

Mr Saul's departure, the latest in a string of senior management changes at Cigna, had been widely expected following his decision a year ago to step down as co-chief executive of the company, a post he had shared until then with Mr Bob Kilpatrick, company president.

Following Mr Saul's resignation, which will take place on April 25, the date of the annual shareholders' meeting, Mr Kilpatrick, aged 59, who came to Cigna having been president and chief executive of Connecticut General, will assume the post of Cigna chairman as well as his current responsibilities as president and chief executive.

Mr Saul, aged 62, will continue to serve on the Cigna board of directors but the former INA chief, who together with Mr Kilpatrick forged the $4.3bn merger between the two companies in 1982 – a merger once touted as "a perfect marriage" – is seen as having stepped aside en route to retirement.

Enka returns to black after group shake-up

By Our Frankfurt Correspondent

ENKA, the West German based fibres division of the Dutch Akzo chemicals concern, returned to profitability last year in the wake of major restructuring measures in recent years.

As Dr Hans Günther Zempelin, the chief executive, said that the Enka operations within West Germany and the worldwide Enka group made a profit, although he did not give details. Earnings were still not satisfactory, he added.

Enka plunged into a loss of DM 314m ($112m) in 1980, but reduced this substantially to losses of DM 20m in 1981 and DM 28m in 1982.

Sales revenue of the Enka group edged down to DM 3.95bn last year after DM 4bn in 1982.

Western Europe's man-made fibres industry, which has cut surplus capacity in recent years, was able to make better use of its remaining capacity last year as economic recovery boosted sales, including exports, Dr Zempelin said that capacity utilisation in West Germany reached about 90 per cent in the fourth quarter of last year.

United Airlines and Delta lift profits

BY TERRY DODSWORTH IN NEW YORK

UNITED AIRLINES, the largest domestic carrier in the U.S., and Delta, the sixth largest, reported strong quarterly gains yesterday as a result of traffic growth and improved operating conditions.

UAL, the holding company for United, said fourth-quarter earnings rose to $56.1m from $52.2m, while for the full year they were up from $30.7m, or $1.03 a share, to $125.4m, or $3.88 a share.

At the operating level, the company achieved a radical turnround from a loss of $9.4m in 1982 to a profit of $216m last year, while sales rose by 13 per cent from $5.3bn to $6bn.

Airline net earnings in the fourth quarter amounted to a record $47.1m, but Mr Richard Ferris, chairman, said the company was still not making enough money from operations as opposed to tax-transfer benefits.

Mr Ferris, who has been pushing through a programme of wage constraint at the airline, said the company had to be competitive on cost "or we will be unable to generate the profits necessary to invest in new aircraft and continue to grow."

Delta also achieved a big swing in its second-quarter results to December, with earnings of $40.7m against a net loss of $5.6m in the same quarter of the previous year. In the first six months, the company recorded income of $51.1m, compared with a loss of $21.7m in 1982.

Trans World Corporation, which is in the process of spinning off its TWA airline subsidiary into a separately quoted entity, reported a net loss of $7.7m, or $1.26 a share, against a profit of $29.9m, or 25 cents a share, in 1982.

The company said that on its continuing operations in food, lodgings and real estate, it generated a net profit of $60.2m in 1983, which would have compared with $45.9m on the same activities in 1982. Those figures represent earnings of $1.29 a share last year against $1.03 in 1982.

Consolidated revenues from continuing operations last year amounted to $1.9bn, against $1.8bn in 1982.

In a separate announcement, Trans World Airlines, in which Trans World Corporation had an 81 per cent stake, reported a net loss of $12.4m against a deficit of $30.8m in 1982.

Mr C. E. Meyer, TWA's president, said that the group's continuing effort to reduce employment costs was strengthened by a saving of $16m in 1983 contributions by the salaried and pilot workforce.

The net loss figure was struck after a $23.5m extraordinary gain reflecting a settlement payable by Trans World Corporation for possible future tax allocation liabilities.

Australian banks to challenge U.S. fee

BY WILLIAM HALL IN NEW YORK

AUSTRALIA'S three major banks are suing the Illinois State Banking Commissioner in an effort to get the state to drop its new annual $50,000 non-reciprocal licensing fee which it charges Australian banks.

The state of Illinois has waged a long-running legal battle against banks from countries which discriminate against U.S. banks. Last September it pushed through an amendment to the Illinois Foreign Banking Office Act that requires foreign banks with offices in Chicago to pay an annual fee of $50,000 if their home country does not allow Illinois Banks to establish banks locally.

The three Australian banks, Westpac Banking Corporation, Australia and New Zealand Banking Corporation and the National Commercial Banking Corporation of Australia, argue that the new fee is unconstitutional. They have filed a court action seeking to bar the Illinois Banking Commissioner from collecting the fee.

Surge at Weyerhaeuser

BY OUR FINANCIAL STAFF

WEYERHAEUSER, the world's largest timber products company and a major producer of pulp, paperboard and corrugated containers, has staged further recovery with fourth-quarter operating earnings more than doubling from 1982's depressed equivalent of $31.6m to $70.1m.

This has boosted full year returns by 46 per cent, from $140m to $204m. The 1983 results exclude a loss of $16.2m from extraordinary items

Fourth-quarter boost for Bell Canada

By Robert Gibbens in Montreal

STRONG GAINS in telecommunications revenues and equipment sales helped Bell Canada Enterprises, the Montreal-based group, post record net operating profits of C$745.2m (U.S.$596m) or C$3.46 a share in 1983, against C$611.5m or C$3.05.

Much of the gain came in the fourth quarter, when net operating earnings rose from C$165.5m or 81 cents a share to C$218.5m or 98 cents. Revenues rose from C$2.16bn to C$2.49bn, taking the full-year figure to C$8.57bn (C$8.41bn).

BCE's main subsidiaries are Bell Canada, a regulated utility which operates the Quebec and Ontario telecommunications service, and the non-regulated Northern Telecom, the second largest telecommunications equipment manufacturer in North America. BCE also owns 70 other smaller non-regulated businesses.

Italtel back in the black

By James Buxton in Rome

ITALTEL, the Italian state-owned telecommunications equipment maker, last year confounded its own loss forecast by making a small profit. Preliminary figures from the company show a net profit of between L5bn and L6bn on sales of about L1,100bn ($647m).

The Milan-based company, which makes telephone exchanges telephones and other equipment, is in the course of a major recovery programme. Losses had been forecast to fall to between L30bn and L40bn this year, compared with the loss of L266bn in 1981 and L120bn in 1982.

In the event, the company last year repeatedly revised downwards its loss forecast and after a good fourth quarter made a profit on the year overall.

Norsk Data earnings up 93%

BY RAYMOND SNODDY IN LONDON

NORSK DATA, the Norwegian mini-computer company, yesterday announced a 93 per cent rise in pre-tax profits for the year to December to NKr 135m ($17.1m).

Mr Rolf Skar, president and chief executive, said yesterday that Norsk Data's pre-tax profit margin of 15.5 per cent put the company in the top three in the world mini-computer industry.

Operating revenue was NKr 870m, up 42 per cent from NKr 611m. Earnings per share at NKr 12 were up 58 per cent from NKr 7.62.

Mr Skar said the company had never been better placed for future expansion. The group plans to establish Britain as an important centre.

The average annual growth of pre-tax profit from 1979 to 1983 was 73 per cent. The growth in operating revenue over the period had been 42 per cent and earnings per share 53 per cent.

During 1983, new orders totalled NKr 980m, an increase of 65 per cent, and the backlog at the end of December was NKr 110m higher than a year ago.

Norsk Data manufactures very fast 32-bit super-mini-computers for the scientific and technical market, for business data processing and office automation.

Mr Skar expects much of the future growth of the company to come from office automation. More than 2,500 work stations were installed in Norway and 11,000 worldwide. In Britain, the growth was 100 per cent, from a small base to £3.9m ($5.4m).

In Sweden, Norsk Data's recent acquisition of Silvidata, a computer service bureau, contributed around NKr 40m to revenues and approximately the same margin of pre-tax profit as for the group as a whole.

Norsk Data Dietz in West Germany contributed approximately NKr 85m, although the profit level was modest as forecast.

Mr Lars Gahnstrom, vice-president for marketing in the UK and Central Europe, said the new Norsk Data machine was "by far the fastest general purpose super-mini at the moment."

At $117 per 1,000 instructions per second handled, it was also one of the cheapest.

Sharp rise in volume lifts 3M

By Our New York Staff

MINNESOTA Mining and Manufacturing (3M), the U.S. conglomerate raised net profits by 5.7 per cent last year despite the adverse effects of the strong U.S. dollar in overseas markets and a higher tax rate.

Earnings rose to $667m or $5.67 a share from $631m or $5.37 in 1982, on sales up by 6.6 per cent from $6.6bn to $7bn. In the fourth quarter, net profits increased from $151m or $1.28 a share to $163m or $1.39.

Mr Lewis Lehr, the chairman, said that during 1983 3M had seen "double-digit unit volume gains" in the U.S., the first year in which it had achieved such increases since 1979. In overseas markets 3M had grown faster than the local economies, thus increasing its markets share.

However, the strong dollar had a braking effect on earnings, reducing worldwide net income by about $7m in the fourth quarter and by around $48m for the full year.

Elkem recommends dividend

BY FAY GJESTER IN OSLO

ELKEM, the Norwegian metals and manufacturing concern, achieved a profit of about NKr 230m ($29.1m) last year before year end appropriations and taxes, compared with an NKr 308m loss a year earlier. The board predicts that this year's profit will at least double.

Like several of Norway's other metal smelting groups, Elkem moved back into profit as a result of the dramatic improvement in world aluminium prices during 1983.

A dividend of NKr 6 (12 per cent) is being recommended. No dividend was paid for either 1981 or 1982.

Total sales rose by 12 per cent to NKr 6bn, despite the disposal of several companies last year. The 1983 profit figure includes NKr 70m of extraordinary income from the sale. Among the companies that left the Elkem group are Trio Ving, manufacturer of the Ving card and other lock systems, which was sold to Wartsila of Finland, and Sulitjelma Gruber, a Norwegian copper mine, which reverted to the Norwegian state following expiry of Elkem's mining concession.

A NKr 100m new share issue in December, at 160 per cent of par, was substantially oversubscribed.

● Rosshavet, a Norwegian oil rig owning company, has turned down a takeover bid by Kosmos, the Norwegian shipping group which also has industrial and offshore interests. Kosmos reportedly offered between NKr 370 and NKr 430 per share for the smaller company's 294,000 shares (par value NKr 50), which were quoted at NKr 280 when they were suspended on the Oslo bourse, last week, pending the outcome of the merger talks.

The largest single shareholder in Rosshavet, shipowner J Eirik Lorentzen, said the negotiations had shown there was no basis for a merger of the two companies.

Write-offs push Hughes Tool deep in the red

By Our Financial Staff

AFTER $53.6m write-offs related to the reshaping of its drilling fluids business, Hughes Tool, the world's leading producer of oil and gas drilling bits, dived deeply into loss in the fourth quarter of 1983.

Contrary to the September forecast of a recovery to profitability in the closing three months, Hughes fell from an $11.85m net profit to a $63.74m loss, or from earnings of 21 cents to a $1.18 deficit per share.

That left the Texas-based group showing a $90.87m loss, or $1.64 a share, for the year, compared with a $147.6m profit, or $2.65, a year earlier. In 1982 earnings had been hit by the steep fall in U.S. drilling activity and were down from a record $255m.

Bethlehem Steel expects to improve

BY OUR NEW YORK STAFF

BETHLEHEM STEEL, the second largest U.S. steel company, is forecasting a return to profitability in the second quarter of this year after a run of eight consecutive quarterly losses, which culminated in a deficit of $163.5m last year.

The 1983 figure compares with the hefty $1.5bn loss which Bethlehem declared at the end of the previous year, when it wrote off just over $1bn on reorganisation costs, including the closure of its integrated plant at Lackawanna in New York state.

After these drastic restructuring measures, the company now appears to feel that the worst of the recession is behind it. Mr Donald Trautlein, chairman, who only this week launched a campaign to impose quotas on foreign carbon steel, said that in the fourth quarter the group generated a pre-tax operating profit of $44m. This compared with an operating loss of $78m in the corresponding quarter of last year.

The results for the full 12 months were struck after a gain of $78m from accounting changes, although this was a smaller figure than the $289m credit in the previous year.

In addition, inventory profits from the liquidation of stocks accounted for under the last in-first out (Lifo) convention amounted to a further $104m against $151m in 1982.

INTL. COMPANIES & FINANCE

Arab Banking holds steady

By Mary Frings in Kuwait

ARAB BANKING Corporation (ABC), has maintained its 1983 profits at close to the previous year's level despite what Mr Abdulla Saudi, its president and chief executive, described as "reasonable" provisions for bad and doubtful loans, and a four-point fall in interest rates over the year.

Mr Saudi said ABC would declare a net profit of $107.4m, 6 per cent down on 1982.

Total assets, excluding contras, of ABC, one of Bahrain's largest offshore banks, stood at $8.8bn at the end of 1983, compared with $7.9bn a year earlier. The loan portfolio increased from $2.6bn to $3.4bn and marketable securities were up from $356m to $420m.

On the liabilities side, deposits rose by $700m to $7.4bn.

National Bank of Kuwait lifts profits 15%

By Our Bahrain Correspondent

NATIONAL BANK of Kuwait (NBK), the largest of the State's six commercial banks, earned a net KD 23m ($78m) for 1983, an increase of 15 per cent over the previous year's result.

Assets, less contra items, were up 14 per cent to KD 2.6bn, while contras showed an increase of less than 6 per cent, reflecting the current stagnation in trade. The return on average assets works out at about 0.93 per cent.

Customer deposits (which include inter-bank deposits) rose 14 per cent to KD 2.5bn, a modest increase by Kuwaiti standards.

The smaller and newer Al Ahli Bank of Kuwait reports net profits of KD 11.9m for 1983 ($40.4m) an improvement of only 13.5 per cent over the previous year. Return on average assets was about 0.76 per cent.

Al Ahli's balance sheet grew at a slightly better rate than NBK's, with assets up 17 per cent to KD 1.7bn, while lending increased by 18.5 per cent to a total of KD 800m.

Both NBK and Al Ahli have recommended cash dividends for 1983, in addition to the bonus share issues which stockholders have come to expect.

JAPANESE RESULTS

MATSUSHITA ELECTRIC WORKS
HOUSEHOLD ELECTRICAL

Year to	Nov '83 Y	Nov '82 Y
Revenues (bn)	530	502
Pre-tax profits (bn)	27.7	25 3
Net profits (bn)	14	13.1
Dividend	12.50	10

PARENT COMPANY

MATSUSHITA-KOTOBUKI
VCR MANUFACTURER

Year to	Nov '83 Y	Nov '82 Y
Revenues (bn)	226	193
Pre-tax profit (bn)	27.9	20.4
Net profits (bn)	10.6	9 0
Net per share	73.57	75.33
Dividend	6.25	7.00

PARENT COMPANY

SANYO ELECTRIC
ELECTRONICS

Year to	Nov '83 Y	Nov '82 Y
Revenues (bn)	820	761
Pre-tax profits (bn)	42.8	44.1
Not profits (bn)	22 9	24.7
Net per share	24.16	26.06
Dividend	7	7

PARENT COMPANY

SECOM
SECURITY SYSTEMS

Year to	Nov '83 Y	Nov '82 Y
Revenues (bn)	60	55
Pre-tax profits (bn)	11.6	10 6
Net profits (bn)	5 8	5.0
Net per share	97.99	94 42
Dividend	23	21.50

PARENT COMPANY

TOYO DENKI SEISO KK
ELECTRICAL RAILWAY EQUIPMENT

Six months to	Nov '83 Y	Nov '82 Y
Revenues (bn)	18	20
Pre-tax profits (m)	221	750
Net profits (m)	156	484
Net per share	3.88	5.74
Dividend	2.50	2.50

PARENT COMPANY

YAMATAKE HONEYWELL
CONTROLLERS, MEASURING INSTRUMENTS

Year to	Sept '83 Y	Sept '82 Y
Revenuos (bn)	94	97
Pre-tax profits (bn)	6.7	9 8
Net profits (bn)	3.3	4 6
Net per share	38.80	54.35

CONSOLIDATED

IDI reshapes investment operations

BY DAVID MARSH IN PARIS

FRANCE'S Industrial Development Institute, the state-controlled organisation set up in 1970 to take stakes in promising small businesses, is planning to sell a series of major corporate participations this year as part of a restructuring of its investment operations.

The asset sales, planned to raise about FFr 100m ($12m) will have two-fold objective. They will raise cash for IDI's continuing programme of investments, and will also switch the emphasis of the institute's business back to its traditional mainstream area of taking minority stakes in smaller companies.

IDI officials hope the sales programmes will allow the institute to dispose of all or part of its present majority stakes in Braud, the country's sole national combine harvester company, in capital equipment maker Equipements Mecaniques Specialises (EMS) and in three other companies where it owns more than 50 per cent.

The plan for asset sales has been drawn up amid continuing controversy over IDI's role in French industrial policy. The Government is withholding approval for IDI's proposal to increase its capital by around FFr 200m to boost its financing muscle. This puts the onus on IDI to come up with other means—together with the regular flows of dividends from its portfolio of investments—to fund its programme of participations.

Adding to the uncertainty over IDI's future, a new president still has not been decided by the Government to replace M Dominique de la Martiniere. He resigned in July in protest over government policies towards the troubled Boussac Saint Freres textile group, in which IDI has a stake of just over 50 per cent.

While the Government makes up its mind over his successor, M de la Martiniere has stayed on in his job. The controversy over government interference in the running of IDI has exacerbated the problem of choosing a new head, and has also held up IDI's industrial planning.

After the planned asset sales, together with the creation of a new subsidiary to handle IDI's stake in Boussac and its weighty involvement in a government-induced regrouping of France's machine tools industry, the Institute hopes to concentrate on taking stakes in small businesses.

It hopes to continue its programme of investments at a rate of up to FFr 150m a year even if the capital increase does not go ahead. Another source of funds could be sales on the stock market of participations in profitable companies in which IDI took stakes some years ago and which have now become quoted on the bourse.

M Dominique de la Martiniere has resigned as president of the French state-controlled Industrial Development Institute, set up to take stakes in promising small businesses, in protest over government policies. But he has stayed on in his job while the Government makes up its mind over his successor

Out of its total portfolio, valued at around FFr 1bn, the institute has seven "heavy" participations (including the Boussac and machine tools stake) and 88 minority shares in smaller groups.

IDI officials point out that its forays into taking majority stakes in companies in the past have largely led to big losses.

On the other hand, smaller participations have mainly been successful. The most profitable include stakes in Salomon, the ski fittings company, Veuve Clicquot, the champagne group, ISA, a fowl-breeding genetic engineering group, and Ruggieri, the arms maker.

A proposal for IDI to set up a joint investment company with the Suez financial group has been blocked pending appointment of a new president. IDI, however, also intends to set up a specialised biotechnology investment venture in partnership with Suez.

Other plans include further advances into the financial services sector, where IDI already carries out analyses and provides financial and industrial guidance for outside companies. It is exploring with the Government an idea for providing industrial and financial expertise to allow employees losing jobs in sectors like steel, shipbuilding and coal mines to find new jobs in new industrial projects.

But it is clear that IDI will not pick up momentum again until a new chairman has been named. M Georges Chavanes, a well known industrialist and civil servant, was proposed for the job in November by the Industry and Finance Ministries, but was turned down by the Elysee Palace. Another mooted successor is M Francois Dalle, the chairman of the Oreal cosmetic group. But he is believed not to be interested in the job.

South African car makers lay off 2,000

BY BERNARD SIMON IN JOHANNESBURG

THREE OF South Africa's leading motor manufacturers have been forced to lay off 2,000 workers following a re-assessment of the industry's prospects over the next few months.

Nissan South Africa announced yesterday that it has laid off 700 workers, about 14 per cent of its black workforce. Earlier, Ford's local subsidiary laid off 450 employees while Sigma Motor Corporation, which assembles Peugeot, Mazda and Mitsubishi vehicles, has dismissed some 850 men.

Mr John Newbury, Nissan's chief executive, said yesterday that the labour cuts were prompted by forecasts that the market is not expected to improve within the immediate future.

The outlook has been clouded in the past month or two by a sharp rise in finance charges (banks' prime lending rate is currently at 20 per cent), an announcement that sales tax is to move up from 6 per cent to 7 per cent and the impact on retail motor vehicle prices of the recent fall in the South African rand. While almost all vehicles sold in South Africa are assembled locally, they have an imported content of close to half their value.

When Ford announced its dismissals it forecast that 1984 passenger car sales in South Africa will not reach last year's total of 272,800 units. As recently as mid-December, the company had predicted sales of over 300,000 vehicles.

Most other manufacturers remain more optimistic. Mr Colin Adcock, managing director of Toyota, the country's leading motor manufacturer, has predicted that car sales will rise to around 290,000 this year, though he agrees that the first half of the year will be "fairly plodding." Toyota, whose share of the car market has risen from 8.8 per cent in 1979 to 20.5 per cent last year, plans to raise production at its Durban plant from 425 to 455 cars a day during 1984, partly to supply an expected further increase in market share.

Commercial vehicle sales are expected to improve only slightly this year, though even that forecast may turn out to be over-optimistic. Demand for heavy commercials dropped by 22.9 per cent in 1983 to 18,300 units, mainly as a result of the slump in capital spending.

Sales of light trucks have remained remarkably buoyant, falling only 4.2 per cent last year to 114,000 vehicles. Toyota raised its share of this market from 30.4 per cent in 1982 to 33.5 per cent.

Jordan banks threat

BY RAMI G. KHOURI IN AMMAN

FOREIGN BANK branches operating in Jordan will have their licences revoked after three years if they do not comply with a recent government order to have 51 per cent of their equity locally owned, according to Dr Mohammad Sa'id Nabulsi, the Central Bank governor.

The government has felt compelled to order this move after only a few of the eight non-Jordanian banks accepted to make a voluntary change into majority Jordanian ownership. Some foreign banks have considered challenging the new requirement.

Dr Nabulsi stressed that Jordan continues to need and welcome foreign investments.

The eight foreign banks affected by the new move are British Bank of the Middle East, Grindlays, Bank of Credit and Commerce International, Citibank, Chase Rafidain Bank (Iraq), Bank Almashrek (Lebanon) and Arab Land Bank (Egypt).

McCarthy boosts sales

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S largest motor retailer, McCarthy group, have increased first-half turnover by 19.3 per cent to R443m ($351m) in the six months to December 31 1983. This compares with R372m in the corresponding *period of 1982 and R746m in the* year which ended on June 30 1983.

First-half operating profits before interest and tax payments rose to R14.4m from R12.8m. In the 1982-83 financial year operating profit was R22.7m.

Mr Brian McCarthy, the chairman, says that the company increased its market share although the country's motor vehicle market was only 6 per cent higher in the half year just ended. All franchises, Mr McCarthy says, improved their contribution even though the motorcycle market shrank by 15 per cent.

First-half earnings increased to 35.6 cents a share from 28.5 cents and the interim dividend has been raised to 12.5 cents from 10 cents.

New Straits Times Press stake sold

SINGAPORE – Times Publishing has agreed to sell 4.6m shares, equal to a 20 per cent stake, in New Straits Times Press in Singapore.

The Times says it has sold the stake for S$67.9m (U.S.$31.9m), well above the book value of S$4.1m.

Chuan Hup Marine said its 51 per cent-owned subsidiary, Lityan Development (private), has entered into two joint venture agreements.

Lityan and Plessey Singapore (private) will buy a 70 per cent stake in Electronics and Communications Industries (private) for S$140,000 in cash. Along with Plessey Malaysia, Lityan will buy 70 per cent of Group Express for S$140,000 in cash.

Wearne Brothers said its Hong Kong unit, Wearne Brothers (Hong Kong), has agreed to buy a 40 per cent stake in Polytek Engineering of Hong Kong.

Wearne said it has already paid HK$23.12m (U.S.$3m) for the shares. It is to pay a total of 8.5 times the audited net profit of Polytek, subject to a maximum of HK$30.6m and a minimum of HK$27.2m. The balance will be paid after Polytek's accounts for the year ending March 31 are available.

City Developments has announced a 20 per cent decline in group net profit for the year ended October 31 to S$19.1m (U.S.$9m).

The property development and management group said its turnover rose 24 per cent in the period, to S$172.4m. Profit as a percentage of turnover fell to 11 per cent from 17 per cent in the previous fiscal year. However, net tangible asset backing per share rose to 1.44 Singapore cents from 1.33 cents.

The company announced an unchanged 10 cent first and final dividend.

● The Monetary Authority of Singapore (MAS) has told banks and finance companies that their licence fees will be increased between 50 and 400 per cent from April.

In a circular, MAS said licence fees for full and restricted banks would be doubled to S$100,000 a year for the head office.

The fee for offshore banks would rise by 50 per cent to S$75,000 a year from S$50,000. Offshore and restricted banks are not allowed to open branch offices in Singapore.

Finance companies will have to pay five times the current rates with the head office fee rising to S$25,000 from S$5,000. The fee for each branch will rise to S$5,000 from S$1,000.

The circular said licence fees had been unchanged since 1970, and that both banks and finance companies had made huge profits in recent years.

Agencies

North American quarterly results

BLUEBELL

First quarter	1983-84 $	1982-83 $
Revenue	227.0m	240.4m
Net profits	4.62m	4.03m
Net per share	0.40	0.25

CERTAINTEED

Fourth quarter	1983 $	1982 $
Revenue	258.9m	208.1m
Net profits	7.98m	2.75m
Net per share	0.38	0.12
Year		
Revenue	1.04bn	827.1m
Net profits	33.2m	†7.14m
Net per share	1.73	—

† Loss

CITY INVESTING

Fourth quarter	1983 $	1982 $
Revenue	1.57bn	1.48bn
Net profits	55m	27m
Net per share	1.15	0.69
Year		
Revenue	5.95bn	5.8bn
Net profits	175m	131m
Net per share	3.65	3.49

CONSOLIDATED EDISON

Fourth quarter	1983 $	1982 $
Revenue	1.35bn	1.26bn
Net profits	125.78m	100.47m
Net per share	0.90	0.71
Year		
Revenue	5.52bn	5.07bn
Net profits	575.84m	492.55m
Net per share	4.16	3.55

THE PROPERTY MARKET BY MICHAEL CASSELL

Coal Board funds take over Rampac

ARTHUR SCARGILL notwithstanding, the Coal Board Pension funds have notched up a speedy and spectacular success in their bid for ownership of Rampac, the Californian real estate investment trust.

The Mineworkers' Pension Fund and the Staff Superannuation Scheme made their play for Rampac (Realty and Mortgage Investors of the Pacific) hours before the Christmas holiday began and hours after they had won clearance in the High Court to invest more assets in the United States.

Attempts to stop further expenditure had been made by Mr Scargill and the other union-nominated trustees of the Mineworkers' fund. Although they lost the last round, they are expected to continue the court fight in the spring.

Rampac was already the subject of another bid at the time of the approach from the Coal Board funds, which by then had accumulated a 10.45 per cent stake in the California investment trust.

In 1981, shortly after the funds' failure to wrest control of Connecticut General Mortgage and Realty Investments, they picked up initial shareholding in Rampac and professed "no predatory ambitions" towards it.

But the prospect of total ownership was clearly too good a chance to miss and the $123m (£86m) counterbid, which took Rampac completely by surprise, has proved equally irresistible to the shareholders. By this week, the funds had received acceptances accounting for 96 per cent of the stock and the offer deadline has been extended until Monday in an attempt to pick up the remaining shares.

The acquisition provides the funds with substantial, additional property interest on the west coast and, if Rampac is merged into Pan American Properties—their existing REIT vehicle—it will form the second largest real estate investment trust in the U.S.

Board changes and a detailed study of the portfolio will now follow. The deal adds a big chunk of property to the funds' existing U.S. real estate interests, last valued in 1982 at nearly $600m. The latest year-end valuation should show a significant rise.

For Wendy Luscombe, president of Pan American in New York, the acquisition represents a chance to pick up properties which would otherwise not have reached the market. The omens for a successful outcome were, she says, excellent: "A horse riding accident a few years ago means I still have occasional periods with an arm in plaster. Takeovers launched with the aid of the plaster have succeeded and the others have failed. At present, the plaster is on."

Slough snaps up new asset package

SLOUGH ESTATES' offer for Allnatt London and its sister company Guildhall Property *should go unconditional on* Monday, giving Britain's largest industrial property group a 30 per cent boost to its asset base and some tough management challenges ahead.

At a time when the UK industrial property sector is sagging under a floorspace surplus running into hundreds of millions of square feet, the acquisition of another major industrial portfolio by a company almost wholly dependent on this particular market may seem more than a little curious.

The quality of the properties contained in the merging portfolios is highly variable and many of them are isolated or fragmented in a way which is alien to Slough's comprehensive, estate approach.

So why has Slough decided to pop another 400 or so property eggs into the same basket and why has it pursued an expansion route which, little more than a year ago, it appeared to reject as unacceptable?

Nigel Mobbs, chairman and chief executive, starts by emphasising that Slough was approached by Allnatt, which faced a serious management succession problem. The group soon realised that the portfolio—despite its weak spots—provided plentiful opportunities for improvement, redevelopment and immediate expansion. Most important of all, it was strategically placed around London and in the south east.

Mobbs accepts the group will be taking on properties not developed along Slough lines and says there will be no qualms about weeding out the misfits. But Allnatt, he stresses, has a portfolio and a management for which Slough has considerable respect. "We might learn a few things ourselves," he adds.

The merger could have foundered on the threatened dilution of Slough's assets but a clever offer formula prevented failure and managed to offer something for everyone. "As for our rejection of expansion in this way, you should never believe every quote. If you go around saying you expect to grow by acquisition, everyone expects action and the shares suffer."

The group's simple philosophy of top quality, well managed accommodation in prime locations has protected it from the worst of the recession, though the vacancy rate on the 11m sq ft of floorspace it has in the UK nearly reached double figures in 1982 and there was a small deficit on revaluation. Mobbs says he expects the 1983 vacancy rate, to be disclosed with the annual figures in March, will show a significant fall.

But he firmly believes the industrial market's recent troubles are, in some respects, much less of a disaster than in 1974-75, not least because property is now in more secure hands.

"Supply of industrial space has certainly outstripped demand on a macro basis, but that overlooks the continuing strength of certain locations. We have also got terribly used to talking about double-digit growth in rents because of high inflation. Now we have lower rental growth but much lower inflation, a message which still does not seem to have got through to everyone.

"If you've got a 7 per cent yield on an industrial property, you only need to achieve a 5 per cent capital growth per annum to get a better rate than on gilts—and 5 per cent is very pedestrian."

Despite his apparent confidence, Mobbs says he would still like more evidence of a revival in demand for space before committing major funds to a fresh phase of new development. The group's development programme is bumping along on the bottom at present, but it has plenty of small to medium-range schemes ready to go, once the climate improves.

But what of Slough's longer-term strategy, in the wake of the merger, and prospects for the group diversifying further into other sectors and areas of the property market?

The group's past attempts at achieving a wider portfolio spread, it must be said, were not particularly successful. At the start of the 1970s, Slough had one-third of its assets overseas and it intended to keep it that way. But by the end of 1983, rapidly rising UK values had helped bring the proportion down to 25 per cent, a figure due to fall lower still after Allnatt and Guildhall are integrated.

As for other parts of the property market, a decade ago Slough attempted to break out into offices and, in Mobbs' own words, "the theory was perfect but the timing was not exactly brilliant."

But the group seems determined to expand its non-industrial activities and the arrival of a new recruit, in the shape of Roger Carey from MEPC, is significant in this respect. Carey's job will be to gear up the expansion of the group and his background almost certainly implies it will be a broader-based business than in the past.

The Bath Road trading estate will clearly remain the group's biggest strength, though Mobbs says Slough has to resist the temptation to become besotted with it and must always regard it as "just a part of the portfolio." There are property interests in the United States, Canada and Australia and more are likely to follow.

But however and wherever the group develops, Mobbs emphasises its primary objectives: "We have to continue to provide a real increment, in assets and dividends, to our shareholders. It was difficult with inflation in double figures; now it is not so bad. There is a crazy obsession with net asset values and discounts, but they are not half as important as the brokers would have us believe. Without real income, shareholders will go elsewhere."

Euston Centre team finally splits up

BEHIND Wimpey Property's decision to sell its half-share in Euston Centre Properties, confirmed this week after months of speculation, lies the sorry story of a sweet relationship turned sour.

It was in the early 1960s that Wimpey and Stock Conversion joined forces to see through the phased development of the 12-acre Euston Centre complex.

The team worked well together and, Euston apart, carried out a series of office and retail developments around London, usually with Stock Conversion as the majority partner.

At Euston Centre, Stock *Conversion and its ever-present* agents, D. E. & J. Levy, took the upper hand in the management operation and Wimpey appeared content to sit on its shareholding and take a slice of the income.

But Wimpey eventually *decided that it had had enough* and, by the middle of last year, *approached its partners about the possibility of selling to them* its interest in Euston Centre Properties.

Chairman Robert Clark and the rest of the Stock Conversion board were taken aback by Wimpey's change in attitude to the relationship and their astonishment apparently turned to anger when the prospect of a sale to a third party was raised by Wimpey.

It is understood that ill-feeling reached the point where Stock Conversion for a while even refused to hand over management information on the Euston Centre, which its irritated partner required in order to discuss a sale with other buyers.

Waiting in the wings was John Ritblat of British Land, patiently building up funds to finance the deal from in-house resources and now delighted with the outcome. The deal, he claims, will show British Land "a fantastic 10 per cent return," offer shelter from its own Advance Corporation Tax liabilities and leave pre-tax profits broadly unaffected.

Wimpey, too, says it is happy with the sale and makes light of the gap between value and sale price—on the basis that a valuation on such a big building in such a restricted investment market is of academic interest only. It also believes—unlike Mr Ritblat—that an expensive refurbishment cannot be too far off.

As for the old partnership, *the battle over Euston Centre* appears to have led to an irreconcilable breakdown and Wimpey now seems set to sell itself out of its minority holdings with Stock Conversion. Through companies like Shaftward Investments, Craigielea Investments and Haymarket Developments, the two sides own West End properties like ACC House in Great Cumberland Place and offices and shops in Dover Street and Wigmore Street. The final split cannot be far off.

UK COMPANY NEWS

Henlys deficit cut by £2m to £3.9m

LOSSES in the second half at **Henlys**, motor car dealer, were reduced from £3.47m to £1.29m and left the full year deficit down at £3.9m to October 1 1983, compared with £5.91m. Excluding car tax and VAT, turnover increased from £206.6m to £237.5m.

Again there is only a nominal dividend of 0.1p per share for the year.

In their interim report—losses had risen from £2.48m to £2.61m—the directors said that trading in the second six months had not been encouraging, but overall results should be considerably better than those for 1981-82.

The directors now say that with the group reorganisation substantially completed, there is a structure which ensures that Henlys is well placed to exploit business opportunities and improve performance.

The pre-tax figure for the year was after depreciation of £4.04m (£3.78m), and interest and stock finance charges, £2.21m (£3.33m).

After writing off ACT of £333,000 (£869,000) tax credits were lower at £244,000 against £702,000, and the loss came out at £1.22m (£4.84m) after extraordinary credits of £2.43m, compared with £377,000. Loss per 20p share after extraordinary items, was 8.8p (34.6p) including ACT written off, and 6.4p (29.4p) excluding.

The major part of the group's planned property disinvestment programme was completed in the year and the extraordinary items included profits of £3.75m (£2.85m) attributed to properties sold during the 12 months.

These were out of proceeds amounting to £6.55m. Some £1.23m remains at book value for disposal and of this total contracts have been exchanged for £575,000 in respect of properties with a book value of £464,000.

Included in the group's extraordinary items were £1.56m (£1.85m) reorganisation and closure costs.

Contributions from vehicle trading departments for the year were better, against a background of an over-supplied market and heavy discounting. The greater emphasis placed on retail used vehicle marketing has paid off, directors say.

On trading as a whole within the group motor division branches in the provinces have picked up much more readily than those in the London metropolitan area where recovery, following the drastic retrenchment, "will be more protracted."

The group's leasing subsidiary, Henlys Lease, traded well within resources permitted, and showed an advance over the previous year.

In the earth-moving and mechanical handling division, R. Cripps results were "most disappointing," directors say, suffering higher losses for the 12 months. The general depression in civil engineering and severe competition contributed to the decline and, in addition, costs associetd with the introduction of the Hanomag and Hymac franchises had to be absorbed.

HIGHLIGHTS

Lex looks at the future for current cost accounting in the light of the latest remarks from Ian Davison on inflation adjusted accounts. The column then goes on to look at the defence document from **London Brick** which predicts profits of £36m for the current calendar year, a figure which left the analysts, who had been looking to the low thirties, completely wrong footed. The forecast takes the brick maker out of Hanson's reach at the current offer price and the market is waiting for the bidder to rework its sums. Finally the Lex column comments on the latest figures from **Norsk Data** where full year profits are up by 93 per cent to NKr 135m (£12.2m) thanks to a strong performance from mini-computers. Elsewhere on a busy day for company news **Arthur Bell** has won control of **Gleneagles** with a higher equity offer. On the issues front **Redland** has been awarded a top credit rating in the U.S., a rare accolade even for U.S. building materials groups.

● comment

Given that 1983 was a good year for car sales, Henlys trading loss—albeit a reduced one—is somewhat disquieting, especially as the results include significant benefits from recent rationalisation and a hefty surplus from the disposal of properties. The results reflect a 25 per cent increase in forecourt sales—a figure which illustrates how the weight of competition has shredded margins: a key element of this miserly performance is that the service side of the business is still lacking, a position not helped by the dearth of good middle management at the operational level. On top of this Henlys has had to contend with a £0.5m loss and a potentially disastrous situation in its Cripps construction machinery division, following the collapse of Hanomag and Hymack. With the future of the new franchises hangs in the balance and gearing at a level where it continues to inhibit the profit and loss account, it is difficult to see where the future lies. Some radical moves at Cripps must clearly be on the cards. With only a small buffer left in the way of property sales, the company's 90p share price, down 4p on the day, reflects an element of bid speculation. At this level the company is valued at £12.6m.

Hambros Inv. proposes 10% warrant scrip

Hambros Investment Trust is proposing a scrip issue of one warrant for every 10 ordinary shares held on February 10.

Each warrant will entitle the holder to acquire one ordinary share on July 31 in any of the years 1984 to 1994 inclusive, on payment of 177p, which is equivalent to the net asset value per share on January 13.

Dealings are expected to start, subject to Stock Exchange approval, on February 29.

Mr David Gibbs of Hambros Investment Trust said: "There is some evidence to show that the issue of warrants results in a reduction of the discount to net asset value of shares and we think certain shareholders like the idea of warrants as an alternative to an equity stake."

Sheldon Jones

Sheldon Jones, West Country animal feeds manufacturer and agricultural merchant, has raised pre-tax profits by £5,000 to £308,000 for the six months to November 30 1983.

DIY boom aids Unibond to prepare for USM placing

BY ALISON HOGAN

DIY enthusiasts are finding more items and fittings they want to fix into position from shower cubicles to fireplaces.

The result is a steadily increasing market for adhesives and sealants and steadily growing profits for **Unibond**, the adhesives manufacturer which makes its debut on the USM next week.

Kleinwort Benson is placing 2.35m mostly new shares at 105p. The placing of 40 per cent of the enlarged equity will raise £1.3m for the company and give it a market capitalisation of £6.2m at the placing price.

The chairman, Mr Raymond Bushby, started the business with his father in 1953. Their first major product was PVA adhesive (polyvinyl acetate) widely used in the building industry. Since then, they have developed a number of new adhesives for cork tiles, ceramics and other surfaces.

Unibond began to move seriously into the domestic DIY market about four years ago. Profits took a dive in 1980 due to the heavy costs in warehousing and administration in establishing itself in the DIY market. Now, half the turnover is from DIY, and half from the building industry.

Unibond has several major DIY retail chains as customers, including B & Q, Texas, Homecare and Payless DIY. About 17 per cent of turnover is own label.

Pre-tax profits in the year to December 1982 were £580,000 and sales were £7.2m. Unibond has made a profit forecast of £750,000.

Net dividends of 2.8p per share would have been proposed by the directors if Unibond had been quoted during 1983.

The proceeds will be used mainly towards the construction of a new warehouse and factory to be completed by the end of this year.

Brokers to the issue are Rowe & Pitman. Dealings are due to begin on Wednesday February 1.

Strong dollar helps Bowring to 41% growth

A 41 per cent increase in pre-tax profits is announced by **C. T. Bowring & Company** for 1983. The company, a subsidiary of Marsh & McLennan Companies Inc, produced £27.7m, compared with £19.6m in 1982.

Mr G. A. Cooke, chairman, says the results were achieved in difficult market conditions, although the strengthening of the dollar against the pound has again contributed to the year on year growth.

During the year, Bowring sold the underwriting and engineering companies; the earnings and interest on sales proceeds have not been included in the figures.

Operating revenue rose by 16 per cent to £97.5m, analysed as follows: direct insurance broking £32.3m (£30.5m); reinsurance £37.9m (£31.3m); wholesale insurance £26.2m (£21.5m); Lloyd's underwriting agency £1.2m (£1m).

After tax £15.5m (£10.8m) the net profit came out at £12.2m (£8.8m).

Portsmouth Sunderland down to £1.5m

TAXABLE PROFITS of **Portsmouth & Sunderland Newspapers** fell to £1.49m for the 39 weeks to December 31 1983, compared with £2.49m, on turnover up from £22.45m to £25.19m.

The profits, including income from investments of £71,000, against £64,000, were struck after interest of £26,000, compared with a credit of £372,000. Tax took £246,000 (£469,000).

Extraordinary debits, which totalled £219,000 (£37,000) arose on the purchase an dsale of goodwill in retail shops, the profit on sale of freehold shops, and redundancy payments.

Earnings per 25p share, before these extraordinary charges, were down from 16.7p to 10.2p. The interim dividend, already announced, had been unchanged at 1p.

Edinburgh American

Available revenue at **Edinburgh American Assets Trust** was marginally higher at £369,000 for 1983 against £366,000. Net asset value per 25p share, after prior charges at par, came to 245.2p compared with 193.9p and 319.5p against 172.4p, assuming full loan stock conversion.

The single net dividend has been held at 0.85p. Earnings per 25p share amounted to 0.98p (same).

At the year end the directors say that 76 per cent of assets were invested in North America, 14 per cent in the UK, 6 per cent in Japan and 4 per cent elsewhere.

Franked income came to £243,000 (£268,000) and unfranked to £2.08m (£1.87m). Underwriting commission came to £3,000 (£2,000) and interest and expenses to £1.6m (£1.56m).

Tax for the year came to £350,000 (£291,000).

Yelverton Invsts.

The board of **Yelverton Investments** is at an advanced stage of negotiations which should lead to shareholders being given the opportunity to invest directly in WordNet International, a company launched in 1982.

Mr John Bentley yesterday contracted to sell (ex any pro rata rights that may arise to take up shares in WordNet) 1m of his 1.19m shares in Yelverton for completion on February 7. On that date he intends to resign from the board of Yelverton and its subsidiaries. He will remain a director of WordNet.

In the meantime, Yelverton's pre-tax profits soared from £66,192 to £277,532 in the year to October 31 1983. Tax took £9,294 (£23,899). Last year there were costs of £35,644 in obtaining a quote on the Unlisted Securities Market.

An initial dividend of 0.35p is being paid. With the investment in WordNet taken at cost, net asset value per 5p share rose from 22p to 31p.

Imry Property

Improved pre-tax profits of £962,000 against £872,000 have been shown by **Imry Property Holdings** for the six months to the end of September 1983. The net interim dividend has been lifted from 1.4p to 1.6p.

In the last full year a total of 4.3p was paid from pre-tax profits of £1.39m.

The group is mainly engaged in the development of property for permanent investment and it holds a portfolio of mainly office properties.

Pre-tax profits included an associate contribution of £92,000 (£71,000).

After tax of £520,000 (£454,000) the attributable balance emerged ahead from £418,000 to £442,000, less tax relief of £81,000 (£65,000) not charged against current profits.

Brooke Tool betters its forecast by some £23,000

INCREASED pre-tax profits, as forecast last June, have been achieved by **Brooke Tool Engineering (Holdings)** in the year to September 30 1983. The forecast was for profits of £500,000, but they emerged at £523,300 compared with £353,000. No dividend is again being paid for the year under review.

The directors say the cost of terminating the group's involvement in machine tools has been greater than originally envisaged, and they feel it would be "premature" to recommend a dividend on the ordinary shares.

However, they say results for the first three months of the current year give every confidence of further improvement in profits in 1983-84. In this event, they would hope to resume payment of dividends on ordinary shares for the current year.

Group turnover was down from £8.81m to £8.32m, but operating profits improved from £680,400 to £749,300.

Tax was considerably higher at £32,400 against £5,500, and there was a minority debit of £900 (£3,900 credit). Extraordinary debits were well down at £383,500 (£3.93m).

● comment

The costs of pulling out of machine tools are now well out of the way and the task ahead for Brooke is to develop its stature as a specialist cutting tool maker. The shift of emphasis from capital goods to consumables reduces the strains on a convalescent balance sheet by permitting speedier stock turns and takes Brooke out of a market in which it was simply too small to compete. The preference issue has already cut borrowings from around 400 per cent to 61 per cent of shareholders' funds. However, the preference dividends wipe out more than half of attributable profits—and that distribution only covers six months. So it will be uphill work to resume more than a nominal payout on the ordinary shares in the current year. Meanwhile, the U.S. has turned up nicely with volumes 25 per cent ahead since the year-end, leading a recovery elsewhere. At home, the group has great hopes for its water assisted coal cutter developed for the NCB. So long as the overtime ban does not grow into a full-scale strike in the pits, which take 25 per cent of group turnover, Brooke looks capable of £650,000 pre-tax this time. The shares rose 1p to 21p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Abbey	int.	nil¶	—	1.41	—	3.94
Ashley Indust.	int.	nil	—	nil	—	5**
D. F. Bevan	int.	0.25	April 9	nil	—	0.25
Brasway	int.	0.75	Feb 29	1	—	1
Bullough		3.4	March 22	4.4*	5.4	6.75*
Daejan Hldgs.	int.	2.88‖	—	1.93	—	5.79
Derby Tst.	2nd int.	13.92p	Feb 28	11.53	35	22.14
Edinburgh American		0.85	April 13	0.85	0.85	0.85
Henlys		0.1	April 16	0.1	0.1	0.1
Hill & Smith		2.5	April 2	2.27*	3.5	3.12*
Imry Property	int.	1.6	April 3	1.4	—	4.3
IoM Steam Packet		8	March 7	2.5	8	2.5
Louis Newmark	int.	4.5	March 16	4.5	—	12
New Wits	int.	13††	March 14	18	—	30
Sheldon Jones	int.	1.35	April 6	1.35	—	4.35
Vantage Secs.		0.65	March 21	0.8	1.2	1.1
Vogelstruisbult		11††	March 14	11	16	16
Yelverton Invests.		0.35‡	—	—	—	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted company. ¶ Unlikely to be a final payment. ‖ Increased to reduce disparity. ** For 17 months. †† South African cents throughout.

Guinness Peat aims to improve profitability

Guinness Peat Group, the newly reconstituted financial undertaking, has about £30m to spend on developing or buying new businesses, Mr Alastair Morton, the chief executive, said yesterday.

The main criterion was to improve profitability, he said, and then to expand the company's range not just as a banking group but in financial services in general. He appeared to rule out buying a stockbroker because takeover speculation had driven up prices, just as the abolition of fixed rate commissions could cause a collapse in profits.

The group also has $18m in tax loss carry forwards in the U.S. which can be used to build up business there.

In the U.K. the group had the proceeds of a new $35m multi-currency bank line, less than half of which will be used to refinance existing debt, plus about £10m of internal resources.

The group's annual report, released yesterday, disclosed a three-year strategy "aiming to develop trading profits to a substantially greater level." The report confirms results published on January 5 showing a £1.6m attributable profit for the 11 months ending September 30 1983.

F. Pratt losses reduced by rationalisation

Following completion of restructuring in the first half at **F. Pratt Engineering Corporation**, pre-tax losses were sharply cut from £1.54m to £257,000 for the year to the end of October 1983.

Turnover of this engineer was considerably reduced from £13.38m to £7.23m.

There is again no dividend—the last payment was a final of 2.2p in 1981.

The rationalisation of the last few years has produced a stable situation in basic businesses, say the directors, even at the current level of activity which remains very depressed.

Greenwich Cable £1.2m cash call

TELEVISION relay systems operator **Greenwich Cable Communications**, a USM company, suffered losses of £351,000 for the year ended August 31 1983. The directors also announce a rights issue to raise some £1.18m net.

Turnover amounted to £255,000 and the loss was after depreciation, £75,000, goodwill amortisation £7,000, and included investment income of £17,000. Loss per 25p share was 15p.

The directors consider that results do not provide a meaningful indication of the likely future performance of the group, following the grant on January 13 to Greenwich Cablevision, a wholly-owned subsidiary, of a licence to provide additional television services over its cable network.

The rights issue of 2.5m ordinary shares is on a one-for-one basis at 50p per share. Astaire & Co has agreed to underwrite the issue other than the total of 1.67m shares deriving from the respective entitlements of Mr M.W. Townsend, Greenwich chairman and chief executive Associated Newspapers Group, and J.J. Astaire's family interests.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCKS ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON THURSDAY, 26th JANUARY 1984.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 24th January 1984, and has issued to the Bank, additional amounts, as indicated, of each of the Stocks listed below:

£250 million 9½ per cent TREASURY STOCK, 1988
£150 million 9 per cent TREASURY LOAN 1992-1996
£100 million 9½ per cent TREASURY LOAN 1999

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 24th January 1984 as certified by the Government Broker.

In each case, the amount issued on 24th January 1984 represents a further tranche of the relevant Stock, ranking in all respects *pari passu* with that Stock and subject to the terms and conditions of its prospectus, save as to the particulars therein which related solely to the initial sale of the Stock. Copies of the prospectuses for the Stocks listed above, dated 11th October 1982, 5th March 1971 and 12th January 1973 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA.

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Stock	*Redemption date*	*Interest payment dates*
9½% Treasury Stock, 1988	25th Oct. 1988	25th April 25th October
9% Treasury Loan, 1992-1996	15th March 1996, or on or at any time after 15th March 1992 subject to not less than three months' notice.	15th March 15th September
9½% Treasury Loan, 1999	15th Jan. 1999	15th January 15th July

Each further tranche of stock issued on 24th January 1984 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock.

BANK OF ENGLAND
LONDON

24th January 1984

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co Canada	9 %
CL Bank Nederland	9 %	■ J Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 6%. Fixed rate 12 months £2,500 9% £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	125	—	6.4	5.1	7.3	9.5
158	117	Ass. Brit. Ind. CULS	139	—	10.0	7.3	—	—
78	62	Airsprung Group	75	—	6.1	8.1	21.4	21.4
38	21	Armitage & Rhodes	27	—	—	—	—	—
300	141½	Bardon Hill	300	—	7.2	2.4	12.2	24.5
56	53	Bray Technologies	56	+ 1	2.7	4.8	10.2	11.0
200	197	CCL Ordinary	197	—	5.0	2.5	4.5	6.3
151	121	CCL 11pc Conv. Pref.	147	—	15.7	10.7	—	—
220	100	Carborundum Abrasives	220	—	5.7	2.6	—	—
249	100	Cindico Group	103	—	17.6	17.0	—	—
63	45	Deborah Services	51	—	6.0	11.8	27.3	44.3
197	75	Frank Horsell	197	+ 1	—	—	8.3	13.5
184	75½	Frank Horsell Pr Ord 87	184	+ 1	8.7	4.7	7.7	12.7
69	37	Frederick Parker	37	—	7.1	19.2	2.3	3.7
39	32	George Blair	33	—	—	—	—	—
80	47	Ind. Precision Castings	47	—	7.3	15.5	13.1	16.2
242	134	Isis Conv. Pref.	242	+ 2	17.1	7.1	—	—
121	61	Jackson Group	116	—	4.5	3.9	6.1	11.9
240	168	James Burrough	240	—	11.4	4.8	13.3	13.6
335	275	Minihouse Holding NV	335	—	4.0	1.2	25.2	30.7
176	114	Robert Jenkins	114	—	20.0	17.5	13.3	8.9
74	60	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
120	69	Torday & Carlisle	69	—	2.9	4.2	—	—
440	386	Trevian Holdings	438	—	—	—	8.9	8.1
26	17	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
90	65	Walter Alexander	87	+ 2	6.8	7.8	7.6	10.1
276	239	W. S. Yeates	239	—	17.1	7.2	3.7	7.6

UK COMPANY NEWS

Bullough profit rises to £6.86m

SECOND HALF pre-tax profits of engineer and furniture maker **Bullough** moved ahead from £3.16m to £3.8m and lifted the full year figure ended October 31 1983 to £6.86m, compared with £5.48m previously.

The company is budgeting for increased profits in the current year, with the first two months ahead of plan.

Turnover for 1982-83 increased from £45.51m to £52.46m and the dividend is effectively lifted to 8.4p (6.75p) net with a final payment of 5.4p.

At the interim stage, with profits ahead to £3.06m (£2.32m) the directors expected the second half to produce somewhat higher profits than those of the first.

They stated that in spite of acquisitions last February, and a continuing high level of capital investment, costs continued to accumulate and the search for further acquisitions continued.

Tax charge for the 12 months took £2.81m, against £2.45m, and after extraordinary debits of £505,000 last time, the attributable balance came through well ahead at £4.06m (£2.53m). Earnings per 20p share were 22.86p, compared with 17.25p.

Negotiations are well advanced for the purchase of two substantial private companies, which will be financed mainly by borrowings from existing sources, the directors say. These acquisitions are expected to have a beneficial effect on earnings per share.

Subsidiary, Project Office Furniture, and electrical division were major contributors to the improvement in profits, directors state.

The Newman Granger division profit also increased, that of the special products division was slightly down, but recent trading results show an improvement.

Beanstalk had a poor year and suffered a loss, but it is expected that profitability will be restored with the introduction of a range of new products.

The recently acquired companies made a sound start. Propafior in its first full year made a very good contribution, directors say, and strengthened its order book. Pipeline and Elcom Systems, both acquired last February, made good returns and Johnson and Starley, acquired in early October has started well.

Capital expenditure rose further to about £2.5m with the heaviest spending devoted to Beanstalk, Hago and Project to provide facilities for new products and increased output.

In spite of this expenditure and the outlay on acquisitions, the cash position remains good, say the directors, with net borrowings of about £1.7m at the year end.

Acquisitions made during the year involved goodwill of £3.5m which has been written off against reserves. The quinquennial revaluation of properties showed a surplus of £1.9m which has also been carried to reserves. Net assets per share increased to 120p (115p).

D. F. Bevan turns round to £127,000 at midway

The forecast by the directors of D. F. Bevan (Holdings) of a return to profitability in the six months to September 30 1983 is borne out by pre-tax profits of £127,000, compared with a £144,000 loss.

On the strength of the turnround by this metal merchant, casting and general engineer and steel stockholder, the interim dividend is restored with a payment of 0.25p net. Last year's final was 0.25p. Earnings per 5p share in the first half were 1.5p, against a loss of 1.8p.

The directors warn that, although the second half will show further improvement, the advance on the first six months will not be as marked as in most recent years. They do not think, however, that shareholders will be unhappy with the year's results.

Last year's pre-tax loss, after a second half which saw the company move £30,000 back into profit, was £114,000.

Willoughby's Cons.

Pre-tax profits at Willoughby's Consolidated Company, rancher and landowner, rose from £594,000 to £790,000 in the year to September 30 1983. Turnover was up from £1.5m to £1.72m. This subsidiary of Lonrho is paying an increased dividend of 10p net against 3.35p. Earnings per 50p share rose from 14.2p to 19.6p.

Abbey's heavy write-offs to meet Irish assets fall

SUBSTANTIAL write-offs are expected to be made by **Abbey**, the Dublin-based industrial holding company which also operates from the UK.

In view of that and the present level of bank borrowings, it is unlikely that the company will pay a dividend for the year ending April 30 1984, compared with 3.94p last time.

For the first six months to October 31 1983 the group has pushed up its pre-tax profit from I£1.12m to I£1.37m, and the directors consider this to be satisfactory. However, the continuing economic difficulties have made it necessary for them to carry out a detailed review of the investment in land and manufacturing companies in Ireland, and to date this indicates a fall in value of certain assets.

A substantial write off will be made, and the directors have decided to omit the interim dividend (1.41p a year ago) and give the warning as to the likelihood of a final.

They tell shareholders the performance of the UK activities continues to improve in line with the economy, and it is in that sector that they look for sustained operating profit levels in the immediate future.

The group's operations cover residential housing, plant hire, engineering, commercial property and stationery manufacturing. In the half year turnover went up from £30.9m to £37.49m, and trading profit from £2.55m to £2.92m. Interest charges were £1.56m (£1.44m) and tax takes £150,000 (£187,000).

Brasway six months expansion

FOLLOWING A £392,000 loss in the second half last year, Brasway has turned in pre-tax profits, for the half year ended October 31 1983, amounting to £195,273. These compared with just £3,495 previously.

Turnover of this iron and steel scrap processor and tube and bright bar maker was down from £8.34m to £7.98m and the interim dividend is reduced to 0.75p net, compared with 1p—last year's final was omitted.

The directors say they are being prudent in the amount of dividend, as there is a real need to conserve finances, and reduce bank borrowings.

Since the beginning of the second half the directors say that the monthly results have continued to please and they have no doubt that the full year "should be very good."

All divisions have produced their forecasts for the remaining months and subject to these being achieved, the directors say they will be as generous as possible with the final dividend.

For the immediate future the industrial outlook is good and the company will "extract as much profit as possible from all activities in hand."

Almost £1m has been invested in the group's new tube factory which also includes updating plant and machinery.

The company's first mill has been successfully re-sited, and is producing a better quality product at a higher mill efficiency, the directors say. The second mill was dismantled on January 16 which should also be fully back into production by the end of January, having been refurbished during relocation.

While there will be very significant savings in overheads, the company still has to dispose of the leases on the existing buildings at Dudley, which could take some time, directors point out.

The company is actively pursuing diversification, which, directors say, must eventually reduce its reliance on the engineering industry, for although this division appears to be improving monthly, "it must always be considered cyclical."

There is no tax charge, earnings per 10p share showing a 4.13p jump to 4.21p.

Textile provision hinders Newmark

DESPITE problems being experienced in the textile field, Louis Newmark is confident that the original forecast of £1m profit for the year ending March 31 1984 will be achieved. Other divisions are all showing the improvements predicted.

In the first half ended October 1 1983 the profit was almost maintained at £587,000, compared with £610,000. But this is subject to a £295,000 provision against amounts receivable from a textile machinery customer who was placed into receivership on December 15 last.

Further provision up to £150,000 may be necessary in the second half against potentially redundant stock, and it is possible that a provision (as yet unquantifiable) may become necessary for redundancies, the directors state.

However, those provisions may be less, or not required, if the receiver succeeds in finding a purchaser for that company, or if further business becomes available from other customers in the same field of activity. The £1m profit forecast for the year does not take account of any provisions.

The group's products for the textile industry cover specialist equipment and needles and accessories, and it carries out similar operations for the footwear trade. Its other activities are the design, development and manufacture of electronic, electro-mechanical and precision engineering equipment, and the importation and distribution of watches.

Turnover in the first half rose from £14.36m to £16.05m, and trading profit came to £949,000, compared with £933,000. After the provision and tax of £151,000 (£317,000), net profit was £140,000 (£293,000). Earnings per 25p share are shown at 4.2p (8.4p) and the interim dividend is held at 4.5p net. Total for the year ended April 2 1983 was 12p when profits fell to £591,000, including £512,000 consequential loss claim.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Diamond Stylus, East of Scotland Onshore, Hollis, Necpsend, Wholesale Fittings, S. W. Wood.

Finals: Hayters, Robert H. Lowe, Westminster Property.

FUTURE DATES

Interims:	
Dura Mill	Feb 3
Euston Centre Properties	Jan 30
FII	Feb 2
Palmerston Investment Trust	Jan 31
Stock Conversion and Inv Tst	Jan 30
Zetters	Jan 31
Finals:	
ASEA AB	Feb 23
Birmid Qualcast	Feb 15
IMI	†Mar 12
Prestige	Feb 1
Ruo Estates	Jan 30

† Amended

Hill & Smith tops £1m with better second half

WITH AN expected second half pre-tax profits improvement at Hill and Smith Holdings, profits for the year to the end of September 1983 emerged at £1.01m against £1.08m previously.

Commenting on the future the directors say that if the slightly improved trading activity is maintained turnover and profit should not be less than last year.

At the halfway stage they had predicted that pre-tax profits for the second half should be appreciably better than those attained in the first half when they fell from £451,000 to £252,000.

The net final dividend has been effectively raised from 2.27p to 2.5p after allowing for last year's 1-for-10 scrip. A further 1-for-10 is again proposed. The total payment has effectively been raised from 3.18p to 3.5p.

Net earnings per 25p share decreased from an adjusted 7.93p to 7.56p—on a nil basis they rose from 7.93p adjusted to 8.92p.

Turnover of this company which is engaged in steel stockholding, fabricated products and drop forgings moved up from £18.66m to £18.96m.

Tax came to £326,000 (£366,000) and extraordinary debits, mainly relating to litigation costs which have now finished, totalled £333,000 (£63,000).

W. G. Allen loss doubled at the interim stage

A LOW order book at the start of the year is reflected in the interim result of W. G. Allen and Sons (Tipton).

The group's pre-tax loss for the half-year ended September 30 1983 more than doubled to £424,000 compared with £305,000 after interest debits of £74,000 (£65,000) and £77,000 in reorganisation costs and redundancy payments.

Turnover of this Midlands-based boilermaker fell from £3.21m to £3.05m.

During the first half there was a build-up of work in progress resulting from large orders for coal-fired steam boilers, which were delivered in the third quarter of the previous year.

In the second half of the current year, turnover is expected to be about £5m (£3.75m). This will be reflected in the group's results and the full year should show an improvement over 1983, when pre-tax losses came to £119,000 (£597,000).

The group is starting 1984-85 in a better position. There is a substantially stronger order book and borrowings at March 31 1984 are expected to be significantly lower than those at the same time last year.

COMPANY NEWS IN BRIEF

A marked turnround from pre-tax losses of £183,922 to profits of £394,857 has been shown by the **Isle of Man Steam Packet Company** for 1983. The dividend for the year has been raised from 2.5p to 8p net.

* * *

The net asset value per 25p share of **The Fleming Fledgeling Investment Trust** increased to 127.6p for the 49 weeks to December 31 1983, compared with 106p the year to January 21 1983.

Franked investment income was £379,247, against £391,912, and unfranked investment income amounted to £66,527 (£64,744). Deposit interest contributed £26,847 (£31,548) and underwriting commission was £16,530 (£6,325).

The final dividend is maintained at 1.25p, giving the same against total payment of 2.25p. Earnings per share were down from 2.28p to 2.18p.

* * *

THE Guyerzeller Zurmont Bank, Zurich, has increased profits for 1983 by 10 per cent to SwFr 9.85m (£3.28m). Samuel Montagu, the London merchant bank, has a majority holding in the bank.

Carried forward from the previous year were SwFr 1.73m to make a total of SwFr 11.58m. The balance sheet at the year end was unchanbed at SwFr 249.6m (£83.2m).

The dividend was SwFr 450 SwFr 400) and fully paid share capital amounted to SwFr 5m. Another SwFr 5m was allocated to reserves, which brought capital and reserves to SwFr 70.09m (SwFr 58m).

* * *

The total dividend at **Vantage Securities** is being increased from 1.1p to 1.2p net with a final of 0.85p. Pre-tax revenue improved from £36,894 to £40,160 in 1983. This was after interest and expenses up from £13,206 to £14,806. There was a tax charge of £17,434 against £17,070. Gross revenue improved from £67,170 to £72,400.

Earnings per 10p share were 1.34p (1.23p), and net assets per share were 43.8p compared with 32.9p.

MINING NEWS

Further increase in South African gold production

THE UPTURN in South Africa's gold output which began in 1982 continued last year, with production rising to 679.5 tonnes, according to figures published yesterday by the Chamber of Mines. This compares with 1982's 664.2 tonnes and 655.7 tonnes in the previous year, reports **Bernard Simon in Johannesburg.**

Higher mill throughput at several of the country's mines more than offset a decline in the average grade of ore mined last year. In addition, production has been gradually rising from new mines, with **Elandsrand**, for example, producing 9.958 kilogramme sagainst 1982's 8,138 kg.

South Africa accounts for around three-quarters of non-communist gold supply, and just under 60 per cent of total world output.

Mr Michael Brown, chief economist of Johannesburg stockbrokers Davis, Borkum, Hare and Company, expects South African output to rise to 690 tonnes this year and about 703 tonnes in 1985, which matches the level of five years ago.

He bases his estimates mainly on the commissioning of the Gencor group's **Beatrix** mine later this year, and production from new plants such as the carbon-in-pulp facility recently installed at **Grootvlei.**

Consolidated Murchison, the primary antimony producer, is expected to boost its output of by-product gold over the next few years following the installation of a new recovery plant.

South African mine output is likely to continue rising slowly until the end of the decade, but will drop back sharply in the 1990s as existing short-life mines cease production.

The decline will be accelerated if the gold price tails to recover, especially in the light of the South African Government's efforts to cut back state assistance to unprofitable mines.

The output of such operations as **East Rand Proprietary Mines** and **Loraine** is likely to start falling within the next year or two if the bullion price does not come to the rescue.

Meanwhile, it is also reported that worldwide sales of Krugerrand coins totalled 3,493,363 ounces in 1983, a 36 per cent increase over the 1982 figure.

This was due to heavy retail demand in the U.S., Europe and the Far East in the latter half of the year, with December sales, for example, one-fifth higher than in the same month of 1982.

Newmont to mine $130m Gold Quarry deposit

BY KENNETH MARSTON, MINING EDITOR

NEWS, good and not so good, comes from the U.S. Newmont **Mining** major natural resource group in which London's **Consolidated Gold Fields** presently has a stake of 25 per cent; this may be lifted to 33½ per cent within 10 years.

The good news is that Newmont has now decided to go ahead with development of its $130m (£92.7m) Gold Quarry ore deposit, not far from the company's big Carlin gold mine in north-central Nevada.

Like Carlin, the newcomer will be a low grade open-pit gold operation and its working costs, including amortisation of capital cost, will be equal to less than $300 per ounce of gold.

Gold Quarry contains some 8m ounces of gold and first production at an annual rate of about 170,000 ounces is expected to start late in 1985. The mill will have a capacity of 2.5m tons of ore per year.

Initially, about 45m tons of the higher grade ore will be mines and milled, although this still grades only about 0.078 ounces (2.43 grammes) gold per ton.

At the same time a further 89m tons of lower grade ore, grading an estimated 0.032 ounce gold per ton, will be mined and stockpiled for processing when economic conditions permit.

A further 49m tons of 0.029 ounce material will have to be left i nthe ground unless the gold price really takes off.

Production from Gold Quarry together with that of Carlin and the company's Australian properties — notably Telfer in Western Australia — will lift Newmont's total gold sales to some 500,000 ounces a year.

The not so good news from Newmont is that fourth quarter earnings have fallen to $960,000. Admittedly, the total is after a charge of $6.7m from the write-down of the wholly-owned Magma Copper's metal stocks, but it follows a third quarter profit of $16.8m.

As a result, Newmont comes out of 1983 with total earnings of $52.4m, or $1.73 per share, compared with a r estated $48.6m for 1982. The quarterly dividend is maintained at 25 cents.

Fourth quarter results were hit by lower metail prices. That of ogld averaged $391 per oz compared with $414 in the previous three months. Magma's selling price for copper was lowered to 68 cents per lb in the fourth quarter from 78 cents in the third quarter and an average of 80 cents in the first half of the year.

Matters will be helped to some extent in the current year by the cancellation of an expensive custom smelting contract covering the company's Pinto Valley Copper operation in Arizona.

This will allow the currently-closed low cost open-pit mine to ship copper concentrates to Magma's San Manuel smelter and the mine could reopen in 1984.

Earnings from coal and oil amounted to $13.5m in the fourth quarter.

As far as this year is concerned Newmont, like so many other resource group,s is waiting for the U.S. recovery to move more strongly into the heavy capital goods sector with a consequent impact on base metal demand.

As for gold, hopes of a recovery in the price appear to hang on an easing in the strength both of the U.S. dollar and of interest rates there. This easing could come about as a result of the mounting U.S. trade deficit, according to Mr Donald Regan, the U.S. Treasury Secretary, among other observers.

Vogels and New Wits produce mixed results

MIXED RESULTS are reported by two of the smaller South African investment companies in the **Consolidated Gold Fields** group, **Vogelstruisbult Metal Holdings and New Wits.**

Vogels has done rather better in the year to December 31, with net profits of R4.6m (£2.6m) against R4.5m in 1982, largely as a resultof the rally in the zinc price.

From earnings of 28.5 cents per share, lower than last year as there were more shares in issue following the rights issue in August, a final dividend of 11 cents is declared.

This brings the total to 16 cents, unchanged from the previous year.

New Wits, by contrast, has interests in gold exploration companies, and has realised considerably less from share dealing than in the previous half-year, with the share market in the doldrums for much of the period.

Net profits for the six months to end-December came out at 5.1m, down from R5.5m in the previous first half. Earnings fell to 43.4 cents pershare from 46.9 cents, and the interim dividend is maintained at 18 cents.

Denison profits higher

HIGHER OIL and gas revenues boosted full-year profits of Canada's **Denison Mines** to a record C$101.5m (£58m), 81 per cent above the figure for 1982, **reports John Soganich in Toronto.** Last year was the first time that revenue from oil and gas operations exceeded that from mining.

Earnings per share advanced from C$3.07 to C$5.15, reflecting increased production from the Casablanca oilfield offshore Spain and the Prinos Kavala oil-gas-sulphur complex in Greece, a significant reduction in interest charges and gains on the sale of long-term investments.

Denison, a diversified energy producer with coal and uranium interests apart from oil and gas, is looking for further gains in 1984, especially from its half share in the new C$950m Quintette coal mine in British Columbia.

Beyond that, earnings growth will come from the 60 per cent-owned potash mine in New Brunswick, which is due to open in late 1985, the Vega oilfield offshore Sicily in 1986, and possibly the Koongarra uranium deposit in Australia.

Mr Stephen B. Roman, chairman, said yesterday that Denison "is now firmly established on a broader and higher operating basis—and growth is assured for many years ahead."

Mary Kathleen pays 15c final

ALTHOUGH mining operations came to an end in October, 1981, Australia's **Mary Kathleen Uranium** continues to earn profits from the sale of its stocks of uranium oxide. The amount of material remaining has already been contracted for sale and will be delivered during 1984.

UK COMPANY NEWS

Top ratings for Redland open up U.S. loan market

By William Dawkins

Redland, the British construction materials group, has been accorded top U.S. credit ratings which will enable it to issue $75m (£53.6m) of commercial paper in New York.

The group has been rated A1 by Standard & Poor and P1 by Moodys, making it the 15th UK company to be placed in the top creditworthiness brackets along with names of the stature of ICI, Thorn EMI and Plessey. Only two U.S. building materials companies have been given A1 ratings.

"We feel that this is a good reflection on the company," said Mr Robert Napier, group finance director.

Redland will use the paper, which it expect to start issuing in the next month or so, to replace more expensive bank borrowings in the U.S. The issue will not be used to build up new debt.

The group estimates that access to the commercial paper market will enable it to borrow at half a percentage point below normal bank rates.

Last week, Redland announced that since May it had switched $63m of its floating rate bank debt—almost half group borrowings—into fixed rate eight-year money, achieving a one percentage point saving against debt market costs. A further $27m remains to be converted to a fixed rate basis.

Mr Napier said: "We have now secured the most efficient possible way of managing our dollar debts." The issue would also be an important step towards gaining greater recognition for Redland by the U.S. investment community.

Goldman Sachs Money Markets Inc will act as dealers for the paper.

Newmarket (1981)

A deficit after tax of $1.04m (£739,000) against a surplus of $2.34m (£1.66m) has been shown by the Newmarket Company (1981) for 1983. As indicated last October there is no dividend for 1983.

Net tangible assets per share of this Bermuda-based company came to $7.25 against $6.8 or as £5 (£4.20) in sterling equivalent.

Revenue fell from $4.24m to $1.31m.

Ashley into red

The directors of Ashley Industrial Trust attribute a taxable los of £1.29m for the year to September 30 1983, against a £41,000 profit for the previous 17 months, mainly to the writing down of assets of Iver Film Services and Amalgamated Film Enterprises (formerly Ashley Productions).

The loss, on turnover of £4.97m, compared with £5.52m, includes an exceptional loss of £102,000 (nil), to compensate Iver's former directors for loss of office.

There is no final dividend, after a passed interim. The total payment in the previous 17 months was 5p net and earnings per share were nil (0.4p).

Dunlop debt limit up to £600m

BY RAY MAUGHAN

HOLDERS of both ordinary and 5½ per cent preference shares in Dunlop Holdings, tyre, industrial products and sports goods group, yesterday voted unanimously to support the board's proposals to raise Dunlop's borrowing ceiling.

Rather than the variable formula relating to a multiple of net worth, which would have limited Dunlop's total indebtedness to £458m, the resolutions approved by shareholders at an extraordinary general meeting mean that the loss-making group can borrow up to £600m.

Dunlop has stressed that debt would not approach this limit and, addressing shareholders for the first time since he replaced Sir Campbell Fraser, the new chairman, Sir Maurice Hodgson emphasised that the new "absolute" borrowing limit was for a fixed period only.

He was confident that by the time the group holds its annual general meeting to discuss the results for 1984—probably in May or June the following year—the board would be able to review the new borrowing limit.

He admitted, in response to a question from a shareholder, that borrowings "are much higher than we would wish" but added that by the time of the 1985 agm Dunlop would have received a further £44m from Sumitomo in payment for its UK and West German tyre interests and expected to recoup a little over £30m from the working capital released by these businesses.

Sir Maurice added that Dunlop would be looking for a trading improvement from its retained operations and would expect to receive the proceeds from a major divestment. "The financial ratios," he went on, "should be in good shape."

He said that the trading results for the second half of 1983 would be ahead of those in the first six months which showed an attributable loss of £22m but warned shareholders of the "major balance sheet provisions" the group will be making to accommodate the Sumitomo deal, the receivership of its French activities and the failure to conclude the sale of a substantial stake in Dunlop Malaysian Industries to Pegi Malaysia for £55m. The sale of DMI to another party was under active consideration, he said, as were the disposals of the American quoted South African operations.

The cost of the French receivership has been fully provided for in the December 1983 accounts but he said after the meeting that Dunlop Holdings remained the largest trade creditor in France and might expect to claw back up to £10m against that provision if the receiver was able to sell the business.

Courtaulds faces £10m damages claim from U.S.

BY CHARLES BATCHELOR

THE Murjani Group, a U.S.-based manufacturer of jeans and sportswear, has ended a two-year distribution agreement with Courtaulds, the British textile company, and has begun court action seeking up to £10m worth of damages.

Murjani said it had begun a High Court action claiming damages for alleged failures by Courtaulds to operate the distributorship properly and in accordance with the terms of the agreement.

Murjani added: "The damages claimed are incapable of precise calculation until it is seen what future sales are achieved but it is believed that the final damages claimed could approach £10m." Courtaulds confirmed the distribution arrangement had been terminated and said that a writ had been received from Murjani.

"That writ will certainly be strongly defended and there will be a counterclaim," a Courtaulds spokesman said. Courtaulds is working out the details of its claim, he added.

Murjani and Courtaulds Distributors reached agreement on the distribution of Murjani's Gloria Vanderbilt range of womens' and childrens sportswear in September 1981. Murjani retained the distributorship for its designer jeans however.

Mr Roger Sainsbury, director of international marketing for Murjani, said the company had established its own eight-strong sales and marketing team in London to continue selling the Venderbilt range.

ANNUAL MEETINGS

Improving trend at Bass

Mr Derek Palmar, chairman of Bass, told the annual meeting that trading in all divisions in the current year had exceeded that for the same period of the previous year.

He said beer volume sales had continued to improve but warned that a disproportionate additional impost on beer in the Budget could severely affect the improving trend.

The AGM of John Williams of Cardiff was told that first quarter results for the foundry continued to show an improvement and that the order book was higher than it has been for the last three years. An improved performance was looked for in steel stockholding.

The group plans to progressively withdraw from the window business and has entered into an agreement with the Heywood Williams Group for the sale of the goodwill of Jonwindows for £75,000 cash, including the right to use trade names.

Sales by Leeds Group had increased significantly during the first quarter of the current year against the same period last year, although profit margins were still under presure, Mr A. Mortimer, the retiring chairman, told the annual meeting.

BIDS AND DEALS

Lilley acquires U.S. contractor

F. J. C. Lilley, Glasgow-based civil engineer and building contractor, has acquired John W. Cowper, of Buffalo, New York, also in the contracting business.

The company was purchased by Lilley's U.S. subsidiary, Harrison Western Corporation, of Denver, Colorado.

At December 31 1982 Cowper had net assets of $2.6m (£1.85m) and on that asset basis purchase price was $3.9m (£2.78m).

However, the acquisition agreement contains provisions for an adjustment of the purchase price depending on the outcome of certain items in dispute with a minimum purchase price of $1.2m and a maximum figure of $4.11m.

For the 1982 year Cowper achieved pre-tax profits of $767,395 on a turnover of $86m.

The association with Harrison Western will provide additional resources and a wider range of construction services to assist the continued growth and profitability of Lilley's U.S. interests.

Share stakes

Slough Estates—Baring Bros and Co has purchased 75,000 ordinary shares at 119p and 50,000 at 119½p for discretionary investment clients.

Strong and Fisher — Arthur Bartfield Group has disposed of 125,000 shares and now holds 1.125m (10.25 per cent).

H. Young Holdings—E. W. Davidson and family trust now owns 199,500 shares having purchased a further 33,000 shares. Total holding represents 12 per cent of the equity.

Moorgate Mercantile Holdings—Dominion International Group purchased a further 300,000 ordinary and now holds 1.96m (10.1 per cent).

MME Facilities—Greenstair Leisure, a private company owned by MME Facilities chairman, Gordon Currie, acquired a further 85,689 shares increasing the total holding of Mr Currie and associates to 2,759,999 (29.99 per cent). Mike Mansfield Enterprises, a private company owned by MME Facilities managing director, Michael J. Mansfield, acquired a further 143,689 shares increasing the total holding of Mr Mansfield and associates to 2,759,999 shares (29.99 per cent).

Asprey and Company—On January 23, Sears Holdings acquired an interest in 12,500 ordinary and at that date had an interest in 1.5m (25 per cent).

Delyn Packaging—Discretionary clients, non-discretionary clients and associates of John Carrington and Company, investment managers, hold 448,250 shares (22.5 per cent).

Jos Holdings — Discretionary clients and associates of John Carrington and Company, investment managers, hold 1.18m shares (19.1 per cent).

TR Industrial and General Trust—The Kuwait Investment Office now holds an interest in 21.585m ordinary, designated the Securities Management Trust account (9.89 per cent).

Deritend Stamping — The interest of Britannic Assurance following the sale of 98,706 shares has been reduced to 18.49 per cent.

Ex-Lands — Following the sale of 35,000 shares and the purchase of 10,000 shares Jantar is now interested in 342,500 shares (7.63 per cent).

London Brick forecasts £36m profits

BY RAY MAUGHAN

London Brick yesterday produced the core of its defence against Hanson Trust's revised £212m bid when it forecast pre-tax profits this year of £36m. That contrasts with an estimate of £26m for last year and the profit of £15.3m the group achieved in 1982.

Mr Jeremy Rowe, chairman of London Brick, told shareholders that current demand is "buoyant" and, at the end of 1983, "orders, production and deliveries of bricks were all running at substantially higher levels than at the beginning of the year. *Production in 1984 will be higher in order to satisfy demand.*"

Lord Hanson, chairman of Hanson Trust, was quick to ask for details as to how the forecast profits would be made up and wondered whethere the "one-off" surplus of £2.5m achieved on house sales last year could be repeated in 1984.

He sought evidence that London Brick was meeting its promise of reduced dependence on the UK housing market and pointed out that the income receivable on the convertible *loan stock offered in exchange* for London Brick shares still offered a 78 per cent uplift in the income the defence has recommended for 1983. London Brick has not spelt out the level of the "further increase in dividends" *it expects for 1984.*

Shares in London Brick responded to the forecast 28 per cent profit improvement by falling 1p to 160p. That compares with Hanson's 145p per share cash offer and the value of the loan stock alternative of just over 150p, taking Hanson shares at 171p, down 1p.

The market has been expecting Hanson to improve its terms yet further—the first time that this bidder would have been obliged to raise its sights twice in the course of any takeover battle—but Hanson merely said yesterday that the offer does not close until next Friday and could be extended thereafter.

Hanson also alleged that the tax charge implicit on London Brick's earnings forecast of 17.5p per share would be uniquely low, but *the defence pointed out the* 41 per cent charge in 1983 was "unusually high" and said that it expected to return to the level of former years.

London Brick also refuted suggestions that its profits would be peaking in 1984. Mr Rowe told shareholders that "your directors do not believe that they could responsibly make a specific forecast beyond the end of 1984. They have, however, no difficulty in stating that they strongly believe the correlation between your company's profits and the UK housebuilding cycle has been markedly reduced as a result of new policies which have been implemented.

Mr Rowe alluded to the move into the specialist non-fletton area of the market and the "considerable scope for further *economies in the manufacturing* process itself as a result of technological innovation and investment in new works" as reasons for his belief that "our prospects have never been better."

St Georges Hotel changes hands for £3.6m

BY CHARLES BATCHELOR

Prince of Wales Hotels has agreed to buy the St Georges Hotel, a four-star 85-room property in London W1, from Trusthouse Forte for £3.62m.

Part of the purchase price will be raised by a one-for-two rights issue, producing £2.64m net of expenses. The offer will be of 3.02m shares at 92p each.

The St Georges made a profit, before tax and head office charges, of £430,000 in the year ended October 31 1983 compared with £280,000 the year before. Turnover rose to £1.57m from £1.3m.

Prince of Wales (PW) has 10 hotels in the UK with about 900 bedrooms, including the Imperial in Blackpool, the Prince of Wales in Southport, the Royal Albion, Brighton, and the Arnos Court, Bristol, but previously owned no London hotel.

It announced yesterday that it expects to make a pre-tax profit of about £700,000 in 1983, excluding any contribution from a management contract it has in Nigeria. In 1982 it made £583,000, including £60,000 from Nigeria.

A final dividend of 2p is intimated, making 3p for 1983—an increase of 33 per cent over last year. PW intends to at least maintain this rate in 1984 on the enlarged capital.

The St Georges will allow PW to offer a London hotel as part of a package to large companies which prefer to deal with only one hotel group, and should increase the profitability of the rest of the chain, PW said.

Mr Arnold Clayman, PW chairman, commented: "In principle we are an expanding company though we have to digest this one before making any further purchases.

"We have been looking for a London hotel for quite some time. It was difficult to find a four-star hotel, well-situated in the West End and suitable for both businessmen and tourists."

PW is paying £42,650 per room for the St Georges, which is in line with the rule of thumb applied to hotel purchases in London of about £40,000 per room.

The St Georges was Trusthouse Forte's smallest London hotel and did not fit into its medium term strategy. THF still has 12 hotels in London ranging from the 130-room Browns to the 1,032-room Regent Palace, as well as four hotels at Heathrow Airport.

The St Georges is a leasehold property with 75 years to run at a fixed rent. The balance of the purchase price not covered by the rights issue will be met from a long-term secured bank loan.

The rights issue has been underwritten by J. Henry Schroder Wagg. Brokers to the issue are Grieveson, Grant.

PW's shares fell 10p to 112p yesterday.

Institutions show concern over Reuters plan

PENSION FUNDS and insurance companies, the City's major institutional investors, have indicated to S. G. Warburg, the merchant bank, that they would be opposed to one plan under review for the £1bn public flotation of shares in the international news agency Reuters.

Under the proposed plan permanent control of the agency would reside with the current national and provincial news paper owners in a multi-layered share structure.

Mr Geoffrey Musson, deputy chairman of the investment protection committee of the National Association of Pension Funds, said yesterday: "Pension funds and the British Insurance Association's investment protection committee have a clear view on multiple-voting structures—we do not like them."

He added, however, that there would be no organised boycott of the issue by institutions when the flotation took place. "It would be for individual members to decide in the light of the policy we have."

No details have yet been revealed on the Reuters flotation *but one plan under review is the* creation of a special class of voting shares which would belong to the current national and provincial newspaper owners and control.

Institutions have long had a policy of opposing dual voting structures and the creation of differing classes of share capital. Their most notable clash with a company which had a dual share structure was with Lord Grade's Associated Communications Corporation prior to its takeover by the business interests of Mr Robert Holmes a Court.

The institutions are arguing that Reuters independence should be maintained through the creation of a "golden share" held by a neutral board of trustees which could be used to block a takeover bid or preserve the independence of the agency's reporting.

The institutions are worried that the present proposed structure would not allow for a *sufficient degree of independence.*

Even so, S. G. Warburg is pushing ahead with its plans to create permanent control for the news agency.

The Reuter board has already agreed to create three classes of shares: founder shares for the trustees; special voting rights for newspaper owners on a 4:1 weighted basis; and ordinary partial voting shares.

A strong attack on the proposed flotation of Reuters is contained in a motion to be debated by the House of Commons today which has been tabled by Mr Austin Mitchell, the Labour MP for Great Grimsby.

Mr Kenneth Baker, Minister for Information Technology, who has special responsibility for the Press, will reply to the debate.

Mr Mitchell has called on the Government to intervene to ensure that Reuters will always remain under British control and that the public interest is permanently safeguarded.

Hampton Trust in property deal

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Hampton Trust, the property to mining and exploration group, is acquiring a £4.54m portfolio of eight properties in a deal involving the issue of ordinary shares.

The properties are being purchased from family trusts of Mr David Lewis and Mr Neil Davis—who built up Cavendish Land prior to a £40m takeover by *Legal and General in 1973*—Mr S. Shohet and Murry Hill, representing Jacob Rothschild's family interests.

The transaction will be financed by the issue of 8.6m Hampton ordinary shares, subject to adjustment based on net asset values included in the accounts for 1983. After deducting long-term mortgages, the net assets being acquired total £2.25m.

Mr Lewis, Mr Davis and their associates previously held 5.03 per cent of Hampton's capital and that will rise to 25.8 per cent under the agreement. Mr Shohet, a director of Hampton, will increase his shareholding from 10.6 per cent to 12.2 per cent. Murry Hill will hold 5.3 per cent of the enlarged capital.

The properties include a mix of retail, industrial and office accommodation around London and the south of England. There is one development under way in Croydon. Current rental income of £380,000 is expected to rise to around £521,000 after rent reviews in 1984 and 1986.

Scusa to acquire two U.S. alarm operators

SCUSA HAS agreed to acquire the operating assets and subscriber contracts of Interstate Alarm, of New Jersey, and Boro Burglar Alarm of Brooklyn, New York.

Interstate has approximately 800 subscribers providing minimum net recurring revenue of $540,000 (£385,000) per annum. Total purchase consideration, which will not exceed $1.25m (with $1.1m paid at completion) is based upon 25 times net monthly recurring revenues. Interstate is being merged with Scusa's New Jersey business.

Boro has approximately 1,000 subscribers giving minimum net recurring revenue of $520,000 per annum. Total purchase consideration, based on 23 times net monthly recurring revenues, will not exceed $1.2m with $500,000 at completion and the balance over 36 months. Boro's business will be integrated into Scusa's Brooklyn operations.

Stylo statement

Stylo has put out a holding statement through Lloyds Bank International warning shareholders not to take any action on the £35m cash offer from Harris Queensway. *No further reaction can be expected from* the defence until Harris Queensway posts its formal offer document.

Aero Needles

The directors and financial advisers of Aero Needles Group consider the Newell Furnishings offer to be "opportunistic and inadequate" and see nothing in the offer document to change their view.

The chairman will be writing again in a few days to set out the reasons why shareholders should reject the offer. Meantime he urges shareholders to take no action.

As a result of further purchases of ordinary shares on January 25, William Prym-Werke KG now holds 679,000 ordinary (15.9 per cent) and 14.1 per cent of the voting rights.

* * *

The following proposed mergers have been cleared by the Monopolies and Mergers Commission:

Maynards/Mr Lewis Cartier; Danish Bacon / ESS - Food; EDITH/Investors in Industry; Allnatt London Properties / Slough Estates; Guildhall Property/Slough Estates.

International Property

INVESTMENT WANTED

INVESTMENT FOR SALE

FACTORIES AND WAREHOUSES

OFFICES TO LET

FOR INVESTMENT

COMMERCIAL AND INDUSTRIAL PROPERTY ADVERTISING APPEARS EVERY FRIDAY

The rate is £33.00 per single column centimetre

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday January 27 1984

Stockbrokers' commissions come under scrutiny in France, Page 28

WALL STREET

Soothing words but flat day

PRESIDENT Ronald Reagan's State of the Union message contained no surprises for Wall Street except that references to the end of the year and beyond helped calm the stock market's nervousness regarding Mr Reagan's intention to seek re-election. This hurdle will be faced at the weekend, when Wall Street hopes, and expects, that the President will announce his intention to seek a further term in the White House, *writes Terry Byland in New York.*

Meanwhile, the investment markets returned to the task of measuring the implications of the apparent slowdown in the economic recovery and the onrush of corporate reports on trading in the final quarter of 1983.

The bond market remained comfortably firm, despite the delay involved in tackling the federal deficit by the President's proposal for a bi-partisan approach.

After a nervous start, when prices rose, fell and then rose again, the stock market began to look healthier after the shake-out at the close of Wednesday's session.

The market made an attempt to move forward during the day but by the end of the session, the buyers had returned. The Dow Jones industrial average ended 2.20 down at 1229.69 with stock losses leading gains by 3 to 2. Turnover remained heavy, with 111m shares traded.

Oil stocks were less active than earlier in the week but held on to their recent gains. The exception was Shell Oil which dipped $¼ to $55¾, a shade under the price offered by its Royal Dutch parent, and an indication that hopes of an increased offer have receded.

IBM disappointed with $115¾. Other technology issues also weakened despite last week's round of higher profits news – confirming the market's experience that corporate profit gains have been discounted in stock prices.

Among the weak spots were NCR, down $1¼ at $120⅜; Digital Equipment, down $2 at $88; and Texas Instruments, down $1⅛ at $134⅛.

Airline issues, which featured in Wednesday's setback, steadied as the results from major carriers reached the market. AMR (American Airlines) held steady at $37⅞ in heavy turnover after the profits statement. Texas Air shaded lower by $⅛ to $8⅛.

It was another busy session for Merrill Lynch, the world's largest securities house, with the stock holding steady at $30¾. Results from the securities industry have confirmed that trading became difficult in the second half of last year as market emphasis shifted from the technology leaders to other sectors.

Boeing dipped $⅛ to $46 as investors took a fresh look at prospects for airline orders from the major carriers during the current year.

AT&T, down $⅛ at $17⅞, continued to top the list of active stocks. Teledyne gained $1⅞ to $169.

On the chemicals side, Monsanto held steady at $97 while the results were digested. Du Pont, due to report, added $⅛ to $51.

In the credit markets, investors remained cautious ahead of next week's announcement on U.S. Treasury's funding requirements for the next quarter. The market's belief that the slowdown in the U.S. economic recovery is taking pressure off interest rates and may even leave room for the Federal Reserve to ease its credit grip was clouded by a warning from Dr Henry Kaufman, the Salomon Brothers market expert.

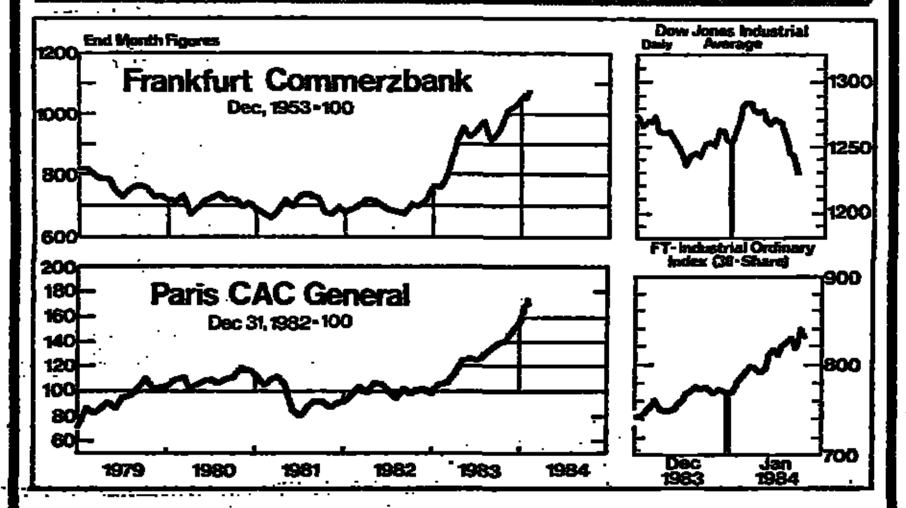
He reiterated his prediction of a 13 per cent yield on the long bond by the end of the year, as well as giving a general warning on interest rates.

The Federal funds rate moved up from 9.05 per cent to 9⅞ per cent yesterday morning, at which stage the Fed announced four-day system repurchase arrangements.

The Fed's move took the top off early rises in Treasury bill rates, putting the three-month discount at 8.93 per cent unchanged from overnight, and the six-month rate at 8.95 per cent, five basis points lower.

The key long bond at 102⅜ was ⅛ down and yielded 11.74 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 25	Previous	Year ago
NEW YORK			
DJ Industrials	1229.69	1231.89	1037.99
DJ Transport	571.61	573.01	448.94
DJ Utilities	131.79	132.03	123.39
S&P Composite	164.24	164.84	141.54
LONDON			
FT Ind Ord	835.10	840.50	611.1
FT-A All-share	503.90	504.18	389.10
FT-A 500	539.30	539.32	421.60
FT-A Ind	491.18	491.98	395.21
FT Gold mines	530.60	528.10	639.20
FT Govt secs	82.83	82.87	77.16
TOKYO			
Nikkei-Dow	10,179.65	10,115.10	7962.51
Tokyo SE	771.97	768.84	582.92
AUSTRALIA			
All Ord.	767.00	766.00	537.30
Metals & Mins.	519.50	519.00	484.20
AUSTRIA			
Credit Aktien	55.62	55.48	49.48
BELGIUM			
Belgian SE	148.02	147.86	105.00
CANADA			
Toronto Composite	2507.9	2507.90	1984.80
Montreal Industrials	434.77	435.19	340.40
Combined	419.82	420.62	327.48
DENMARK			
Copenhagen SE	222.04	222.80	102.92
FRANCE			
CAC Gen	170.90	175.10	103.90
Ind. Tendance	111.90	114.70	63.80
WEST GERMANY			
FAZ-Aktien	364.31	364.19	244.22
Commerzbank	1076.80	1075.50	735.60
HONG KONG			
Hang Seng	1047.57	1041.88	880.74
ITALY			
Banca Comm.	217.42	217.53	182.84
NETHERLANDS			
ANP-CBS Gen	175.10	173.00	104.00
ANP-CBS Ind	144.10	143.10	89.70
NORWAY			
Oslo SE	244.94	243.78	118.33
SINGAPORE			
Straits Times	1045.34	1034.98	761.51
SOUTH AFRICA			
Golds	803.1	795.30	1026.30
Industrials	962.7	962.60	818.90
SPAIN			
Madrid SE	109.10	109.25	85.05
SWEDEN			
J & P	1529.18	1525.99	987.57
SWITZERLAND			
Swiss Bank Ind	380.60	380.90	298.10
WORLD	Jan 25	Prev	Yr ago
Capital Int'l	185.50	185.40	154.90

GOLD (per ounce)

	Jan 25	Prev
London	$367.375	$366.625
Frankfurt	$367.25	$366.50
Zürich	$367.25	$366.75
Paris (fixing)	$368.77	$367.15
Luxembourg (fixing)	$368.25	$369.00
New York (Jan)	$366.30	$367.20

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 26	U.S. DOLLAR Previous	STERLING Jan 26	STERLING Previous
$	–	–	1.4066	1.4025
DM	2.8125	2.8210	3.96	3.96
Yen	234.05	234.15	329.50	328.50
FFr	8.6175	8.6200	12.12	12.09
SwFr	2.2375	2.2415	3.15	3.1450
Guilder	3.1610	3.1750	4.45	4.4550
Lira	1710.50	1713.50	2406	2402.50
BFr	57.39	57.54	80.75	80.70
C$	1.246750	1.24775	1.7535	1.795

INTEREST RATES

	Jan 26	Prev
Euro-currencies (offered rate)		
£	9½	9½
SwFr	3⅝	3⅝
DM	5 15/16	6
FFr	13 9/16	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 13/16	9¾
6-month U.S.$	10	10
U.S. Fed Funds	9 7/16	9⅜
U.S. 3-month CDs	9.35	9.35
U.S. 3-month T-bills	8.91	8.91

U.S BONDS

Treasury		Jan 26* Price	Jan 26* Yield	Prev Price	Prev Yield
10⅜	1986	100 3/32	10.61	99 29/32	10.64
11⅜	1991	101 3/32	11.50	101	11.54
11.75	1993	100 27/32	11.60	100 22/32	11.62
12	2013	102 9/32	11.74	102 11/32	11.72

Corporate	Jan 26* Price	Jan 26* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	94⅜	11.55	93½	11.80
3⅞ July 1990	n/a	n/a	68⅜	10.75
8⅜ May 2000	75½	12.15	75⅜	12.20
Xerox				
10⅜ March 1993	n/a	11.85	92½	12.00
Diamond Shamrock				
10⅜ May 1993	n/a	12.15	91⅜	12.10
Federated Dept Stores				
10⅜ May 2013	87⅜	12.25	86	12.40
Abbot Lab				
11.80 Feb 2013	96⅜	12.25	95⅜	12.40
Alcoa				
12¼ Dec 2012	96⅞	12.65	96	12.80

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	71–05	71–07	71–00	71–02
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.04	91.06	91.01	91.02
Certificates of Deposit (IMM) $1m points of 100%				
March	90.40	90.43	90.36	90.37
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.22	90.22	90.16	90.16
20-year Notional Gilt £50,000 32nds of 100%				
March	108–19	108–20	108–02	108–12

COMMODITIES

(London)	Jan. 26	Prev
Silver (spot fixing)	577.15p	576.85p
Copper (cash)	£981.50	£971.75
Coffee (Jan)	£2098.00	£2085.00
Oil (spot Arabian light)	$28.65	$28.65

LONDON

Pause as prospects pondered

LEADING EQUITIES began trading yesterday promising to extend Wednesday's strong advance. Investors initially were unperturbed by Wall Street's late overnight reversal but they lost heart when institutional operators and U.S. investors showed a reluctance to chase values higher. The FT Industrial Ordinary index closed 5.4 down at 835.1.

UK fund managers seemed to be taking time off to assess equity market prospects. This month's spectacular run has taken the FT Industrial Ordinary share index up 65 points with few technical interruptions. Moreover these have been short-lived, giving dealers little chance of replenishing short book positions.

Such has been the strength that many shares have made exaggerated responses to good news and quickly overcome the effects of adverse pointers.

Details, Page 29; Share information services, Pages 30–31.

HONG KONG

RESISTANCE was encountered in Hong Kong to push through the 1,050 level on the Hang Seng index, which trimmed a 9.65 morning gain to 5.69 for a closing 1,047.57, but the tone remained bullish despite few indications of fresh progress in the Sino-British talks.

Weakness among banking issues, laggards in the recent rally, caused some concern. Bank of East Asia, which on Wednesday reported flat results and drew a sell recommendation from a major London broker, shed 60 cents to HK$22.50 – a two-day fall of HK$1.10.

SINGAPORE

RESUMPTION of Singapore's upward trend took the Straits Times industrial index 10.36 higher to a peak 1,045.34, with buying covering a broad front but volume restrained.

Promet, volume leader on 1.2m of the total 15.78m shares traded, firmed 10 cents to S$4.70 and Pan Electric, following closely, was boosted 18 cents to S$3.64.

L&M recovered 12 cents of a 22-cent fall the previous day.

AUSTRALIA

A DIRECTIONLESS day in Sydney produced a mixed result with no clear pattern of interest but little inclination to liquidate as prices oscillated either side of overnight levels.

Santos was favoured among the energy leaders, adding 10 cents to A$7.80, while others such as Hartogen shed 5 cents at A$2.65.

BHP, trading between A$13.55 and $13.75 against Wednesday's A$13.50 close, settled at A$13.65. News Corporation put on another 10 cents at A$12.60.

SOUTH AFRICA

THE STEADY bullion price injected further firmness into Johannesburg trading yesterday.

Anglo-American Gold was unchanged at R129.50 with Buffels 50 cents stronger at R58.25 and Free State Geduld R1 improved at R42.50.

Mining stocks with reasonable dividend potential attracted some buyers.

In industrials, Barlow Rand was steady R13.

CANADA

PRESSURE continued on all major share sectors in Toronto, but prices held steady by the close.

Banks took the brunt of the setbacks in Montreal, while utilities were also noticeably weak. Papers and industrials, however, managed to resist some of the selling pressure.

TOKYO

Energy for advance sustained

CONTRARY to many investors' expectations, stock prices surged to a further all-time high in Tokyo yesterday, buoyed by rises on major European stock markets and brisker foreign buying, *writes Shigeo Nishiwaki of Jiji Press.*

Buying interest centred on lagging medium-priced stocks, large-capital electric power and gas issues, and cash-traded issues.

The Nikkei-Dow average gained 54.55 to 10,179.65, eclipsing the previous high of 10,155.57 reached on January 17. Trading volume amounted to 393.59m shares compared with 390.61m on Wednesday. Declines outnumbered advances 371 to 366, with 145 issues unchanged.

Given the all-time highs in Frankfurt, London and elsewhere, brokerage company officials in Tokyo were nevertheless surprised at the market's unexpected movement because of the persistent cautious mood among investors about the recent rapid rises there and the steep overnight drop on Wall Street.

Buying interest centred on middle-priced issues. Matsushita Electric Works rose Y23 to Y728 and Konishiroku Photo Y27 to Y723.

Conversely, leading blue chips were mixed as investors considered no further rise could be expected unless foreign buyers come back in force.

Large-capital electric power and gas issues with low price earnings ratios were traded briskly. Tokyo Electric Power rose Y40 to Y1,340 and Tokyo Gas Y1 to Y180.

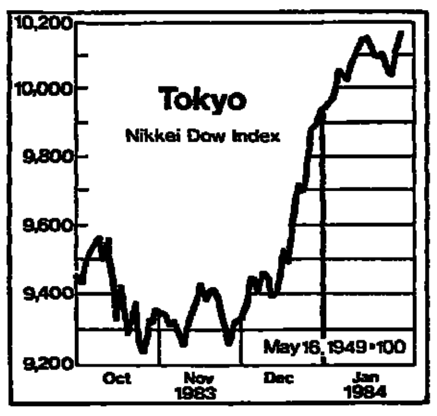
Investors also selected cash-traded issues, as the balance of margin purchases is running at a high level. Rasa Industries attracted large buy orders, scoring a limit gain for the day of Y80 at Y355.

The company announced that it would start full-scale recycling of silicon wafers in April, using poor-quality wafers recovered during the manufacture of integrated circuits and from test wafers, for sale to circuit makers.

Crown Radio also registered a limit gain for the day of Y100 at Y660.

Mitsubishi Oil – under pressure from rumours about the fate of the 50 per cent of its outstanding shares held by Getty Oil of the U.S. in the light of the proposed takeover of Getty by Texaco – dropped Y7 to Y321. Taisho Pharmaceutical, which moved up substantially on the previous day, declined Y65 to Y965.

The bond market remained inactive, with the yield on the benchmark 7.5 per cent long-term government bonds, maturing in January 1993, edging down to 7.43 per cent from the preceding day's 7.435 per cent.



EUROPE

Few severe setbacks amid selling

THE IMPETUS which the European bourses mustered on Wednesday for a widespread advance in the absence of any help from Wall Street proved incapable of being sustained for a second day, and most centres were required yesterday to play host to profit-takers.

Their arrival was a restrained one, though, and inflicted no great setbacks on share values. Most of the selling came after midsession, by which stage the major West German and Dutch indices had notched up yet more records. An abundance of selected issues remained strongly in favour, and the result in many centres was mixed.

Frankfurt began its day strongly, but the expected emergence of a fresh wave of foreign buyers did not materialise, and backtracking set in from there.

Siemens disappointed with a DM 1.70 fall to DM 286.90. Steels were strong, however: Thyssen put on DM 2 to DM 94.50 and Hoesch firmed 70 pf to DM 126.70.

BMW stood out among the big three car makers with a DM 5.20 gain at DM 435. Stores groups were lower, led by Kaufhof, which shed DM 4 to DM 264.

Domestic bonds were quietly steady, and the Bundesbank was able to sell DM 11.6m in public paper.

Hoogovens featured in **Amsterdam**, jumping Fl 4.60 to Fl 60.60 as the terms of its aid package and rights issue were assessed. Also continuing strongly in an otherwise mixed market was Royal Dutch, Fl 4.10 ahead on its U.S. plans at Fl 165.

Better bond market activity led to muted price improvements.

Scandinavia was again a focus of attention, with **Stockholm** awaiting the outcome of a Swedish central bank meeting amid speculation – later proven unfounded – that a cut in interest rates was imminent and might be accompanied by a revaluation of the krona.

Prices finished mixed. Volvo eased from a strong opening to end SKr 1 off at SKr 453 on its results and news of a planned listing of its Volvator marketing arm.

Copenhagen came under further pressure as a disputed election result halted parliamentary work, while in **Oslo** Norsk Data fell NKr 15 to NKr 296 as the company went on to announce its 93 per cent earnings boost.

Small investors were identified as the main **Paris** profit-takers as volume remained large and few issues escaped unscathed. L'Oreal slid FFr 150 to FFr 2,270.

Selective buying for the new **Zurich** account contributed to a steady result, with banks slightly to the good but many industrial leaders lower, and bonds quiet. Lively **Brussels** dealings brought firmness to many stocks, led by retailer Delhaize with a BFr 190 jump to BFr 5,490.

Foreign demand gave prominence in a mixed **Milan** to Fiat and Olivetti. The car maker closed L38 up at L3,898 and reached L4,000 in after-bourse dealings, while the electronics group, up L58 to L4,180, was later quoted at L4,230. Bonds generally eased.

Madrid encountered its first setback of the year, although trading was quiet.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅝	8⅝	AAR	.44	2.5	22	x157	18	17⅞	17⅞	-⅛
52⅞	30⅞	ACF	1.40	3	1218	3085	45⅞	45¼	45¼	+2⅛
22	18¾	AMCA	n			5	21	20¾	20¾	
18⅞	14¾	AMF	.50	3.1		622	16⅛	15⅞	16⅛	+⅛
41¼	18⅞	AMR Cp			16	7760	37⅞	36⅞	36⅞	-⅛
19¾	16⅞	AMR	pf2.18	11.		44	19¾	19½	19½	
41½	24⅞	AMR	pf2.13	5.7		650	37½	37	37	-⅛
23⅞	20	ANR	pf2.12	9.9		200	21½	21	21½	+⅛
16¼	3⅞	APL			20	8	13⅞	13⅞	13⅞	-⅛
55¼	33¼	ARA	2.05	4.1	11	423	50¼	49¾	50¼	
78¾	50¼	ASA	3a	5.3		670	57¼	54½	56¼	+1½
33¼	14⅛	AVX	s .32	1.3	38	120	25¼	24¼	24¼	-⅛
53⅞	36⅞	AbtLab	1	2.3	15	3743	45	43⅞	44¼	-¼
30¼	23¼	AccoW	n .60	2.0	22	183	29⅞	28⅞	29⅝	+¼
27½	17⅞	AcmeC	.40	1.5		240	26⅞	26⅞	26⅞	-⅛
14⅞	8⅞	AcmeE	.33b	2.6	77	71	12½	12¼	12¼	+⅛
24⅞	6⅞	AdmDg	.04	.3	12	54	16½	15½	15½	-⅞
18¼	15	AdaEx	2.11e	13.		87	16¾	16½	16½	-⅛
19¼	7¾	AdmMl	.24	1.4	8	85	17	16⅞	17	
18⅝	9¼	Advest	.12	1.1	10	51	11½	11⅛	11⅛	-⅛
37½	15½	AMD	s		38	8645	33½	30½	31½	-2⅞
24⅝	13⅞	Aeflx	s		16	68	15⅞	15½	15½	-⅛
43½	32⅞	AetnLf	2.64	7.4	9	581	36⅛	35⅞	35⅞	-⅛
65	55¼	AetL	pf5.09e	8.9		47	57½	57	57½	+½
40½	22½	Ahmns	1.20	3.6	9	657	33¼	32⅞	33¼	+¼
7⅞	3	Aileen				33	4⅞	4⅛	4⅞	
51	37¾	AirPrd	1	2.2	13	895	45	44⅞	44⅞	
30⅞	17	AirbFrt	.60	2.2	22	52	28¼	27⅛	27⅞	-⅛
3	1¾	AlMoa	s		27	1061	3	2⅞	3	
33½	29⅞	AlaP	pfA3.92	13.		1	30¼	30⅛	30¼	
7⅞	6½	AlaP	dpf.87	12.		16	7⅛	7	7	-⅛
81½	68	AlaP	pf9.44	13.		z850	74	74	74	+2
71	59	AlaP	pf8.16	13.		z350	64	64	64	+2
70	60	AlaP	pf8.28	13.		z150	63¼	63½	63½	
24½	15⅞	Alagsco	1.76	8.0	7	15	22¼	21⅞	22	+⅛
18⅝	10⅞	AlskAir	.14	.9	12	805	16⅛	15½	15⅞	-⅛
20¼	13⅞	Alberto	.54	3.2	16	38	16¾	16½	16¾	+½
30¼	19¾	Albtsn	s .60	2.3	13	247	26⅛	25¾	26¼	-⅛
41⅝	26	Alcan	.90	2.5	44	3825	36⅛	35½	35⅞	+⅛
40¼	26⅞	AlcoStd	1.16	3.3	13	337	35¼	34¾	35	-¼
27⅞	18⅞	AlexAlx	1	4.5		x223	22⅞	22⅛	22¼	+¼
21¼	11⅞	Alexdr			23	597	u22⅛	21	22⅛	+1⅞
95	51¼	AlgCp	1.08b	1.7	12	312	64	63⅛	64	+1
27¼	24	AlgCp	pf2.86	11.		5	26	26	26	+¼
36¼	26⅞	AlgInt	1.40	4.5		134	31½	31¼	31⅞	+⅛
22¼	18¾	AlgIn	pf2.19	10		20	22	21⅞	21⅞	-¼
98	85½	AlgI	pfC11.25	12.		14	93	92⅞	93	+¼
29	22⅞	AlgPw	2.60	9.9	8	885	26⅛	26⅛	26¼	-¼
26	14½	AllenG	.50b	2.1		431	24⅛	23⅞	23⅞	-⅛
58½	33	AldCp	2.40	4.5	10	1836	54½	53½	53½	-½
65½	55½	AldCp	pf6.74	11		14	62⅛	62½	62½	-¼
110¼	97¼	AldC	pf10.12e	9.6		51	105¼	105¼	105¼	
13	6⅞	AlldPd			9		65	12⅛	12⅛	12¼	-⅛
56½	34¾	AldStr	2	4.4	8	1185	45¼	44¼	45⅛	+⅛
19⅝	11⅝	AllisCh				92	16	15½	16	
40	25¾	AlisCh	pf			31	39	38⅞	38¾	-½
26⅞	21⅝	ALLTL	1.80b	7.8	8	39	23⅞	23	23⅛	
30½	16¾	AlphPr			8	10	26⅛	26⅛	26⅛	
46⅞	29½	Alcoa	1.20	2.7	22	5917	44½	43⅞	43¾	-½
32⅞	22⅞	Amax	.20	.8		1932	24⅞	23⅞	24⅛	+⅛

[illegible]

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

PARIS

An austere scrutiny of commissions

THE FRENCH Finance Ministry is making discreet moves to cut the profits of one section of the population which has benefited most from the Government's austerity policies – stockbrokers, *writes David Marsh in Paris.*

Officials say that contacts have been made with the French Stockbrokers Association to try to cut share-dealing commissions on the booming Paris bourse, which has risen by more than 70 per cent since the end of 1982 despite the generally depressed economic environment.

Stockbrokers, who have also benefited from an unprecedented increase in dealing volume on the Paris equity and bond markets over the last 12 months, are predictably unhappy over the government moves.

The Finance Ministry maintains that stockbrokers are not being singled out for special treatment, rather, bourse commissions are being examined as part of general government anti-inflation action in a number of "closed" professions, also including solicitors and barristers, for example.

Already over the last few years bourse commissions on bond dealings – which make up around two-thirds of Paris stock market transactions have been cut. The Government now wants to do the same for equity commissions, which, based on a progressively declining scale starting at 0.65 per cent for smaller dealing amounts, are still considered rather high.

The surge in share prices during 1983 has been over twice that on other major world stock markets. It partly represents a "catch-up" after the stock market's depressed phase following the Socialist Government's electoral victory in spring 1981.

The bourse has also taken considerable heart from the thrust of the Government's anti-inflation policy, its increasingly tough line pushing through workforce cuts in ailing industries, and its general switch to favouring corporate investment rather than public consumption.

The main indicator of the Paris bourse, the CAC General index, rose by 56 per cent last year, with around 35 leading stocks registering price rises of 100 per cent or more.

The boom has continued with the index rising around 15 per cent in January. In a phase of speculation which some dealers and bankers think could be becoming unhealthy, the latest advances have been prompted by rumours of significant oil discoveries in France as well as by the recently agreed Franco-Saudi arms deal.

The Finance Ministry is considering measures to extend the statutory period for annual share prices by authorised unit trusts, which regularly are bunched at the beginning of the year and have helped to fuel this month's sharp gains.

The stock market has also been relieved this week at news that M Jacques Delors, the Finance Minister, will not be leaving his job, as had earlier been a possibility, to lead the Socialist Party's campaign list for June's European elections.

M Delors has just published recommendations limiting the rise in quoted companies' dividends this year to 5 per cent, in line with the official anti-inflation target. But this has not dampened the bourse euphoria, partly because of the number of exceptions to the dividend limits for companies which have made capital increases in 1982 or 1983.

LONDON

Step closer to real time index

THE LONDON Stock Exchange ruling council is expected to consider at a regular meeting next Tuesday the progress being made in setting up its own index reflecting the share price movements of 100 leading companies, *writes John Moore in London.*

The stock exchange is attempting to create a new index which will measure the movements of 100 shares on a minute-by-minute basis. At present there is no "real time" or minute-by-minute index on the London stock market and the move is designed to meet the needs of the London International Financial Futures Exchange, and the stock exchange's own traded options market which want to introduce contracts based on a real time index.

The stock exchange is believed to be close to deciding what the constituent companies of the index should be and a steering committee is working on the project.

As yet the name of the new index is still under discussion. But the stock exchange has indicated that the index will be calculated on a weighted arithmetic basis. Price collection, calculation and dissemination by the stock exchange's Topic, MPDS and CRS services will be carried out by the stock exchange.

CANADA

(Closing Prices)

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

ITALY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

NEW YORK CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

					RISES AND FALLS	Jan 26	Jan 25	Jan 24
–	–	–	–	442.62 (6/5)	79.79 (24/1)	Issues traded	2081	2002	2002
					Rises	641	678	678
					Falls	957	918	918
					Unchanged	483	413	413

MONTREAL	Jan 26	Jan 25	Jan 24	Jan 23	1983-84 High	1983-84 Low
Industrials	434.77	435.19	435.19	435.19	451.46(6/1)	435.19(23/1)
Combined	419.82	428.82	428.82	428.82	433.87(6/1)	428.82(23/1)
TORONTO Composite	2507.9	2507.9	2587.9	2587.9	2686.7(6/1)	2587.9(23/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Jan. 26	Jan. 25	Jan. 24	Jan. 23	1983/84 High	1983/84 Low
AUSTRALIA All Ord. (1/1/80); Metals & Mins. (1/1/80)	[illegible]					
AUSTRIA Credit Aktien (2/1/62)	[illegible]					
BELGIUM Belgian SE (31/12/63)	[illegible]					
DENMARK Copenhagen SE (3/1/83)	[illegible]					
FRANCE CAC General (31/12/82); Ind Tendance (30/12/83)	[illegible]					
GERMANY FAZ-Aktien (31/12/58); Commerzbank (1/12/63)	[illegible]					
HONG KONG Hang Seng Bank (31/7/64)	[illegible]					
ITALY Banca Comm Ital. (1972)	[illegible]					
JAPAN** Nikkei-Dow (16/5/49); Tokyo SE New (4/1/68)	[illegible]					
NETHERLANDS ANP-CBS General (1970); ANP-CBS Indust (1970)	[illegible]					
NORWAY Oslo SE (4/1/83)	[illegible]					
SINGAPORE Straits Times (1966)	[illegible]					
SOUTH AFRICA Gold (1958); Industrial (1958)	[illegible]					
SPAIN Madrid SE (30/12/83)	[illegible]					
SWEDEN Jacobson & P. (1/1/58)	1529.18	1,525.36	1537.25	1581.83	1557.25 (24/1/84)	898.18 (5/1/83)
SWITZERLAND SwissBankC pn.(31/12/58)	380.5	380.3	378.9	388.8	388.7 (3/1/84)	294.4 (4/1/83)
WORLD Capital Intl. (1/1/70)	—	185.5	185.4	186.4	187.2 (20/1/84)	154.3 (5/1/83)

** Saturday January 21: Japan Nikkei-Dow 10,086.0. TSE 763.82.

Base values of all Indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Equities ease back on profit-taking after early resumption of recent strong advance

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20
Feb 13	Feb 23	Feb 24	Mar 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

Leading equities promised to extend Wednesday's strong advance when trading began yesterday. Investors initially were unperturbed by Wall Street's late reversal overnight and committed funds to a wide range of blue chip issues. But they lost heart when institutional operators and U.S. investors showed a reluctance to chase values higher. Subsequently many private clients switched to the opposite tack and the resulting profit-taking sales brought a softer tone.

UK fund managers were probably taking time off to assess equity market prospects. This month's spectacular run has taken the FT Industrial Ordinary share index up 65 points with few interruptions. Setbacks have been few and short-lived, giving dealers little chance of replenishing short book positions. Such has been the demand that many shares have made exaggerated responses to good news and have quickly overcome the effects of adverse pointers.

December's record exports were the latest case in point, raising equities sharply to new records after the previous day's official close of business. Aggressive bouts of American investment interest for selected UK groups, mostly industrial but occasionally for financial concerns, along with intensified speculative enthusiasm have supported the buying.

Jobbers were kept busy yesterday booking numerous small selling orders, but refrained from cutting prices too sharply because they anticipated a brighter New York tone might tempt larger investors back into the market. At one stage, this looked to be possible but Wall Street once more flattered to deceive yesterday and London values drifted off again after rallying from the session's lowest. The result was that the 30-share index, which soon lost an early gain of just over a point, closed a net 5.4 down at 835.

December's unexpectedly good trade returns met scant response in the Gilt-edged market. Attention still seemed to be focused elsewhere and a routine two-way trade failed to alter quotations to any great extent.

Banks mixed

Firm initially, the major clearing banks succumbed to scattered small selling and closed mixed. Lloyds touched 610p but closed only a couple of pence better at 605p, while NatWest retreated from 770p to finish a net 7 down on the day at 758p. Barclays gave up 10 at 555p, and Midland 7 at 420p. Awaiting the outcome of the Office of Fair Trading's investigation into Lloyd's increased shareholding, Royal Bank of Scotland slipped back 5 to 210p. In the wake of the Irish Budget, Allied Irish firmed 5 to 165p and Bank of Ireland gained 13 to 318p. Discount Houses encountered end-Account profit-taking. Cater Allen were particularly vulnerable and 30 lower at 460p, while Union dropped 20 to 750p following comment on the preliminary results.

Helped by "call" option business and revived suggestions of a U.S. bid, Hogg Robinson featured Lloyds Brokers with a fresh rise of 3 to 156p, after 157p.

Engineering maintainance and cleaning services concern Associated Energy Services made a quiet, but highly successful debut in the Unlisted Securities Market; placed at 58p, the shares opened at 77p and touched 80p before settling at 78p.

Bass highlighted Breweries, rising 8 to 333p following the confident tenor of the chairman's annual statement. Elsewhere, the Irish Budget proposals left Irish Distillers 8 better at 157p.

London Brick touched 167p immediately after the release of the latest defence document aimed at fending off Hanson Trust's 145p per share bid, but a bout of profit-taking left the close a penny cheaper on balance at 160p. Redland's decision to tap the commercial paper market in New York because of the attractive interest rates offered helped the shares to rise 5 to 284p. Further demand in a market short of stock lifted RMC 8 to a 1983-84 peak of 434p. John Laing drew fresh support, still on talk of a broker's circular and put on 5 for a two-day gain of 16 to 159p, while SGB, a particularly dull counter since the preliminary results, rallied 10 to 140p. AMEC improved 6 to 218p, but Barratt Developments encountered end-Account offerings and shed 4 to 168p. Helical Bar, now 51 per cent owned by Exent, slumped 25 to 45p following the discovery of a misappropriation of the company's funds, thought to be in the region of £150,000.

A reasonable two-way institutional business built up in ICI, but sellers eventually held sway and the close was 4 cheaper on balance at 630p. Among other Chemicals, Horace Cory put on 3 to 32p following an investment recommendation.

Speculative ardour in House of Fraser cooled considerably when the widely rumoured deal expected to involve the sale of Lonrho's near-30 per cent stake in the company failed to materialise; the shares drifted gently lower on fairly routine end-Account profit-taking to close only a couple of pence easier at 278p, after 274p. Lonrho hardened a penny yesterday to 120p. Elsewhere in Stores, British Home Stores gained 3 to 224p as did Dixons to 268p. Revived speculative demand in a thin market lifted Waring and Gillow 8 to 110p, while Heelamat added 5 at 77p. Cecil Gee rose 4 to 127p; the company recently increased its shareholding in James Walker Goldsmith to 14.5 per cent.

Strong and Fisher succumbed to profit-taking and, after improving afresh to 223p, closed a net 3 down on balance at 215p. Elsewhere in Shoes, FII rose 4 to 208p ahead of Thursday's interim figures, while Garnar Booth added 5 at 127p.

Unsettled by a broker's adverse circular, Standard Telephone and Cables encountered persistent selling and fell away to 269p before rallying a little to close 10 down on balance at 272p. Unitech, up 15 at 280p, provided a firm contrast on buying ahead of the half-year figures due shortly. Other bright spots included Pressac, 9 to the good at 212p, and Cambridge Electronic, 7 higher at 295p. Afterhour's demand left Quest Automation 7 dearer at 35p.

Inclined firmer at the outset, Engineering leaders tended to ease back, but the underlying tone remained firm. Elsewhere, Brasway firmed 3 to 50p and Hill and Smith a similar amount to 56p following their respective trading statements, but W.G. Allen eased 2 to 38 on the heavier interim loss. Spear and Jackson, an old take-over chestnut, rose 8 to 152p. Tace encountered revived demand and put on 8 to 194p, while Ransomes Sims were noteworthy for a rise of 10 to 287p. Smaller-priced issues attracted a fair amount of buying attention, rises of 2 or so being recorded in Howard Machinery, 20p, Acrow A, 18p, and Camford, 24p.

S. and W. Berisford continued to attract a lively business ahead of next Tuesday's annual results and touched 218p before settling 4 cheaper on balance at 211p. Demand was again forthcoming for Rowntree Mackintosh which added 4 for a three-day gain of 18 to 242p, but Tate and Lyle, after touching 420p initially, drifted back to close a net 6 off at 410p. Elsewhere in the Food sector, Squirrel Horn firmed 2 to 39p in belated response to an investment recommendation.

Grand Metropolitan, up 21 on Wednesday on U.S. buying, encountered profit-taking and relinquished 8 to 355p. Trusthouse Forte eased 3 to 212p, but Ladbroke were steady at 240p. Prince of Wales Hotels shed 10 to 112p on the rights issue proposal, the proceeds of which will partly finance the acquisition of the 4 star St Georges Hotel, London, from Trusthouse.

Metal Box advance

Metal Box met with persistent demand and advanced 12 to 346p; the rise was accompanied by vague talk of a deal with Coca Cola for plastic bottles. Occasional buying ahead of next week's third quarter figures lifted Reed International 8 to 444p, while BOC traded firmly late at 306p, up 7. Elsewhere, Applied Computer featured with a rise of 48 to 555p following a visit to the company by analysts. Abbey, in contrast, dipped 9 to 35p on the interim dividend omission and warning of a current year write-off due to a fall in the value of certain assets. British Aerospace, down 11 at 245p, reflected growing doubts about Government aid for the company's share of the proposed A-320 European Airbus. Harvey and Thompson advanced to 120p before settling 6 higher at 114p following news that Matherwood Limited had purchased a 5.07 per cent stake. A. Wood advanced 8 to 52p owing to a tip sheet recommendation, while Norcross, helped by recent investment comment, improved 4 to 175p. Speculative demand left Evode 6 higher at 121p and buying in a difficult market took Diploma up 21 to 508p. UKO International were briskly traded and gained 4 to 122p, but fresh liquidation of speculative positions left Highgate Optical down 25 more at 45p.

Still reflecting the group's recent U.S. expansion, British Car Auction rose 5 more for a gain so far on the week of 15 to 139p. Elsewhere in Garages, Henlys fell 4 to 90p on the announcement of a £3.897m loss, the company's fourth consecutive annual deficit. Among Components, Dunlop held the overnight level of 45p following the EGM at which the resolution to increase the group's borrowings to £600m was passed. Lucas cheapened 3 to 195p, but BL edged forward 2 to 70p.

Proceedings in Publishers were again highlighted by Fleet Holdings which advanced 5 more to 182p following a Press article drawing renewed attention to Mr Robert Holmes à Court's interest in the company; the mid-term results are scheduled for February 14. Elsewhere, Hunterprint, which has recently gained a one-week test contract to print London editions of the Radio Times, rose 11 to 178p, while comment on the full-year figures prompted fresh support for sales promotion group KLP, 10 up at 170p. DRG closed 7 better at 124p.

Leading Properties were generally subdued with movements restricted to a few pence in either direction, but British Land continued to attract a lively business after comment on its Euston Centre Properties acquisition and touched a 1983-84 peak of 118p before closing 2 dearer on balance at 115p. Stock Conversion, the other co-owner of ECP, eased 3 to 315p, for a four-day fall of 22. Elsewhere, speculative counter Stewart Nairn shed 2 to 27p, but Rosehaugh, which announced a U.S. property deal earlier in the week, put on 6 to 323p. Accumulation news also helped Whittington International, which hardened ½ to 17½p.

A resurgence of speculative buying in a thin market helped Common Bros feature Shippings with a rise of 8 to 123p. P & O Deferred edged forward a penny to 259p, but John I. Jacobs lost 3 at 51p.

Harold Ingram drew another lively speculative business and jumped to 373p before settling 20 higher on balance at 358p. Elsewhere in Textiles, Scottish English and European firmed 3 to 100p still bolstered by the recent interim results. Courtaulds edged forward a penny to 140p, but Nova Jersey relinquished 8 to 47p owing to small selling ahead of Monday's first-half figures.

Financial Trusts provided a good feature in Hampton Trust up 3 at 29p on news of several property deals which will increase the family interests of Messrs Lewis and Davis to 25.8 per cent; the two will be joining the Board. Elsewhere, Yelverton added 3 to 61p, after 65p, on preliminary results, while Aitken Hume found support at 150p, up 8.

BP good late

Another extremely busy session in Oils saw some of the previous day's gains pared initially by profit-taking. Quotations, however, began moving forward again as the session progressed and, helped by early Wall Street advices, British Petroleum ended 9 higher on the day at 442p. Shell, after Wednesday's jump of 37 in the wake of the offer for U.S. affiliate Shell Oil, moved within narrow limits and closed without alteration at 660p. Royal Dutch moved up ½ more to £36½. Ultramar, down to 679p initially, picked up to close only a couple of pence cheaper on balance at 688p. Elsewhere, Pict Petroleum drew fresh support on exploration hopes and gained 15 to 170p. Saxon were wanted for the same reason and rose 17 to 302p. Among Irish exploration issues, Atlantic Resources moved between extremes of 648p and 668p before closing 8 higher on balance at 658p. Eglinton rose 10 to 350p.

Quiet Mines

Subdued conditions continued to prevail among mining markets. South African Golds displayed early gains at the outset reflecting the firmer opening of the bullion price. But small offerings from Johannesburg coupled with a paucity of U.S. interest offset sporadic London support and most gains were pared to only ¼ of a point.

Exceptions were provided by Durban Deep, ¾ dearer at £16¾, and Buffels, ¾ better at £32¾. Among the marginals, Grootvlei, 888p, and Venterspost, 871p, rose 32 and 15 respectively, while Sallies rose 13 to 405p. East Dagga responded to revived interest in the wake of the recent rights issue and advanced 27 to 298p; the new nil-paid shares rose 49 to 217p.

The Gold Mines index firmed 2.5 to 530.6, while bullion closed a net $0.75 dearer at $367.375.

Investors showed scant enthusiasm for London Financials. RTZ, buoyant of late following a broker's seminar, eased 8 to 657p, the rise in copper being outweighed by the easier trend in UK equities. Consolidated Gold Fields, rumoured as a possible suitor for Ultramar, gave up a few pence at 512p

Irregular indications from domestic Sydney and Melbourne markets hindered interest in Australian base-metal stocks. However, Peko-Wallsend, 364p, recovered Wednesday's fall of 8; the company has acquired 8.6m shares in Beach Petroleum at 53 cents per share thereby lifting its holding to 17.5 per cent.

Talk of a substantial oil discovery in the Turtle No. 1 well off Western Australia again prompted firmness in Western Mining, 3 up at 265p. Of the other possible beneficiaries, Canada Northwest touched 50p before settling 2 up on balance at 48p and York Resources closed 1¼ firmer at 30¼p.

Canada's Sabina remained unsettled by the restructuring proposals with its inclusion of the McFinley Red Lake gold deposit and closed another 8 off at 82p.

After Wednesday's active business, demand for Traded Options decreased, although total contracts, at 4,642, were still regarded as exceptionally pleasing especially in the light of the expiry of the active January series. Lonrho proved the day's most lively stock, attracting 721 calls with 315 struck in the February 110's, 4 up at 14p. Imperial Group were again wanted in front of next month's annual results and recorded 368 calls, 154 in the February 160's. GKN attracted revived demand with 371 calls transacted, the March 180's and 200's accounting for 144 and 194 trades respectively.

FINANCIAL TIMES STOCK INDICES

	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 20	Jan. 19	year ago
Government Secs	82.83	82.87	82.91	82.74	82.85	83.21	77.16
Fixed Interest	87.27	87.34	87.20	87.14	87.23	87.29	79.63
Industrial Ord	835.1	840.5	824.9	814.9	826.9	823.9	611.6
Gold Mines	530.6	528.1	534.9	541.3	548.1	537.0	539.2
Ord. Div. Yield	4.32	4.29	4.36	4.41	4.34	4.34	4.91
Earnings, Yld.% (full)	9.06	9.01	9.16	9.26	9.13	9.12	10.55
P/E Ratio (net) (*)	13.49	13.58	13.36	13.22	13.41	13.41	11.38
Total bargains	26,801	27,013	28,782	29,366	30,485	28,674	22,995
Equity turnover £m	–	351.64	326.86	351.17	365.31	462.16	333.46
Equity bargains	–	22,076	23,506	25,056	25,362	25,255	20,266
Shares traded (ml)	–	197.9	182.8	159.6	215.1	223.6	156.4

10 am 841.5. 11 am 837.7. Noon 836.8. 1 pm 835.8. 2 pm 836.0. 3 pm 835.8.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026. *Nil=12.71.

HIGHS AND LOWS / S.E. ACTIVITY

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (31/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.29 (19/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	840.5 (25/1/84)	598.4 (12/1/83)	840.5 (25/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.6 (11/1/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. Activity	Jan. 25	Jan. 24
Daily Gilt Edged Bargains	158.8	152.8
Equities Bargains	149.5	145.6
Value	710.7	660.7
5-day Average Gilt Edged Bargains	162.8	190.4
Equities Bargains	161.1	162.9
Value	675.6	665.6

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs Jan 26 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Jan 25 Index No.	Tues Jan 24 Index No.	Mon Jan 23 Index No.	Fri Jan 20 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (205)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (196)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (47)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (85)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (486)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (122)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (107)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (740)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Thurs Jan 26	Day's change %	Wed Jan 25	xd adj. today	xd adj. 1984 to date
British Government 1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures and Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Thurs Jan 26	Wed Jan 25	Year ago (approx)
British Government Low Coupons 5 years	[illegible]	[illegible]	[illegible]
15 years	[illegible]	[illegible]	[illegible]
25 years	[illegible]	[illegible]	[illegible]
Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
15 years	[illegible]	[illegible]	[illegible]
25 years	[illegible]	[illegible]	[illegible]
High Coupons 5 years	[illegible]	[illegible]	[illegible]
15 years	[illegible]	[illegible]	[illegible]
25 years	[illegible]	[illegible]	[illegible]
Irredeemables	[illegible]	[illegible]	[illegible]
Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
15 years	[illegible]	[illegible]	[illegible]
25 years	[illegible]	[illegible]	[illegible]
Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 31,681

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or –	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ● Provisional or partly-paid allotment letters (or fully-paid). || Introduction. ✻ Unlisted Securities Market.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 23	Feb 3	Apr 26	May 8
Feb 6	Feb 17	May 10	May 21
Feb 20	Mar 2	May 31	June 11

For rate indications see end of Share Information Service

Stocks favoured for the call included Tootal, European Ferries, Booker McConnell, Watson and Philip, Premier Oil, UKO, Bowater, Gestetner A, Hogg Robinson, Aran Energy, John Brown, Hong Kong Land, Maynards, Weeks Australia, Yelverton, Caparo, Earlys of Witney, Oil Search, Barrie Investment and Finance, Astra Industrial, Armour Trust, Amber Day, Spong, Beddingtons Breweries, IMI and NEI. No puts were reported, but doubles were taken out in Polly Peck, Dunlop, GKN and Harold Ingram.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	6	35	60
Corpns. Dom. and Foreign Bonds	4	10	63
Industrials	314	249	842
Financial and Props.	161	77	283
Oils	34	27	59
Plantations	3	4	13
Mines	58	38	74
Others	43	67	67
Totals	623	507	1,461

Derby Trust

Assets attributable to the 50p capital shares of Derby Trust rose to 926p at December 31 1983, compared with 702.5p a year earlier.

The second interim dividend is lifted to 13.924p net from last year's final of 11.534p, giving a total payment for the year 1983 of 25p, against 22.14p.

Revenue for 1983 improved from £1.04m to £1.17m, subject to tax of £427,498 (£383,242).

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (193)

INT. BANK & O'SEAS GOVT. STLG. ISSUES (1)
AMERICANS (6)
BANKS (8)
BREWERS (3)
BUILDINGS (3)
CHEMICALS (7)
STORES (3)
ELECTRICALS (6)
ENGINEERING (15)
FOODS (3)
HOTELS (1)
INDUSTRIALS (24)
INSURANCE (7)
LEISURE (3)
MOTORS (2)
NEWSPAPERS [illegible]
PAPER [illegible]
PROPERTY [illegible]
SHOES (1)
TEXTILES [illegible]
TRUSTS [illegible]
OILS [illegible]
OVERSEAS TRADERS [illegible]
PLANTATIONS (1)
MINES (4)

NEW LOWS (16)

ELECTRICALS (3)
Immd. Bus. Systems, Inc. Scientific, Multitone Elect.
ENGINEERING (1)
Astra Industrial
FOODS (1)
Park Food
INDUSTRIALS (1)
Coin Inds.
LEISURE (1)
Adam Leisure
PROPERTY (1)
Phoenix Prop. & Fin.
TRUSTS (2)
Flextech, M'Leilan Cap. Pig. Pf.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Resources	658	+8
Berisford (S. & W.)	211	–4
British Aerospace	245	–11
BP	442	+9
Burmah Oil	196	–2
Grand Metropolitan	355	–8
London Brick	160	–1
Metal Box	346	+12
Shell Trans.	660	—
Std Tel & Cables	272	–10
Strong & Fisher	215	–3
UKO International	122	+4

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Shell Trans	21	660	+37
Burmah Oil	17	198	+10
NatWest Bank	17	765	+30
Grand Met	16	363	+21
Barclays Bank	16	565	+17
Bassett Foods	15	163	+64
Strong & Fisher	15	218	+10
Coats Patons	14	107	+7
MK Electric	14	260	+8
Rank Org	13	225	+7
Stndrd Chartrd	13	528	+10
Stylo	13	210	+19
Tricentrol	13	210	+7
Ultramar	13	690	+30

LONDON TRADED OPTIONS

Option	Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Mar.	Calls June	Calls Sep.	Puts Mar.	Puts June	Puts Sep.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Jan. 26. Total Contracts 4,642. Calls 3,765. Puts 877.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983-84 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
49	32½	MCD Group	49	+½	u3.0	2.2	2.9	22.4
		for MMT Computing see Electricals						
29	16	M.Y. Dart. 10p	26	-1	20.25	—	1.4	—
212	134	McC'rthy Ph. 20p	152	-1	7.0	2.8	6.7	6.6
148	128	Macfarlane Gp.	142	......	†3.52	2.1	3.5	17.4
46	33	Maclellan 20p	37	......	d1.5	1.6	5.8	13.3
63	31	Macpherson (D.)	48	+1	4.2	0.6	12.5	(28)
56	41	Magnolia Group	55	......	2.3	3.2	6.0	6.5
72	60	Mainmet Hldgs. 10p	60	......	—	—	—	64.0
180	65	Man. Ship Can. £1	170	+5	3.5	6.8	3.0	5.2
82	48	Marley	82	+2	†2.5	0.5	4.4	(8.5)
47	30½	Marling Ind. 10p	46	......	†1.08	1.7	3.4	(20.7)
34	25	Marshall L'sy. 'A'	31	......	‡1.2	—	‡	—
70	44	Marshall's Univ	62	......	B—	—	—	122.3
32½	23	Martin-Black	30	......	—	—	—	—
£130	£83	Matheson 7¾%	£106	......	Q7¾%	2.3	7.3	—
346	154	Metal Box £1	346	+12	†11.55	3.2	4.8	(8.5)
158	104	Metal Closures	153	-5	5.7	1.8	5.3	(9.9)
36½	14	Metal Sentry 2½p	25	......	—	—	—	—
19	6	Metamec Jentique	17½	-½	0.01	—	0.1	—
50	3	Mettoy	7#	......	—	—	—	—
147	70	Midland Marts.	115	......	4.0	2.1	5.0	13.8
56	21	Moben Grp 1p	26	+1	†0.19	15.4	1.0	6.5
£271	£150	M'santo 5pc 82-6	£220	-6	Q5%	—	£2.3	—
145	76	Morgan Crucible	142	......	†7.5	0.6	7.5	(40)
90	54	Moss (Robt.) 10p	82	......	†2.0	2.4	3.5	15.2
245	155	MMW Computers	212	+7	4.0	4.0	2.7	13.1
67	42½	Nash Inds.	60xd	......	4.0	♦	9.5	♦
38	11	Neil&Sp'ncer 10p	38	......	—	—	—	—
64	48	New Equip 10p.	51	+1	1.15	6.8	3.2	6.5
73	20	Nolton	65	+2	1.0	2.9	2.2	22.9
175	117	Norcros	175	+4	b7.0	2.3	5.7	10.5
89	46	Nu-Swift 5p	65#	......	2.14	1.5	4.7	20.9
148	93	Oakwood Grp	95	......	d6.5	—	10.3	—
325	185	Office & Elect.	188	......	7.5	2.8	5.7	8.8
950	712	Oriflame Intl SA	750	......	†050c	2.2	4.7	9.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1983-84 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
204	139	LWT "A"	204	+2	11.08	1.8	7.8	9.0
*147	45	Leisuretime Int 10p	50	-3	g1.54	♦	5.1	♦
47	37	MME Fashion 10p	47	+1	h1.4	1.6	4.3	(17.7)
132	97	Mngmt. Ag. M. 10p	115	......	8.75	1.6	10.9	8.3
115	52	Medminster 10p	85	......	4.4	1.7	7.4	11.1
170	110	Miss World 10p	142	......	b3.0	2.5	2.8	20.6
24½	17½	Nationwide 5p	24½	......	—	—	—	—
128	17	Nimslo Int 20c	19	+2	—	—	—	—
128	45½	Norton Opax 10p	123	......	†2.17	4.3	2.5	8.8
30	22½	Owners Abroad	28½	......	0.5	4.5	2.5	12.8
47	35	Photax (Lon.)	39	......	—	—	—	—
*147	84	[illegible]	95	......	g1.5	♦	2.3	24.8
363	217½	Pleasurama 5p	324	-2	6.5	♦	2.9	♦
273	208	Radio City 'A' NV	245	......	[illegible]	2.6	5.5	25.7
209	138	Riley Leisure 10p	140	-3	†5.95	1.7	4.0	19.5
132	83	Saga Hols. 20p	118	+2	d3.73	—	4.5	—
515	290	Samuelson Grp £1	350	......	12.0	♦	5.1	♦
116	94	Scott. TV 'A' 10p	116	......	7.35	2.2	9.0	7.1
68	27	SelecTV 10p	29	......	—	—	—	—
27	15½	TSW 5p	27	......	1.2	2.2	6.4	18.4
90	30	TVS N/Vtg 10p.	90	......	—	—	—	—
29	19	Television Servs 10p	26	......	b0.2	3.3	1.1	40.0
100	76	Tottenham Hotspur	85	......	b4.0	1.9	6.7	(4.7)
142	64	Tnd'at TV 'A' 10p.	135	-2	5.5	♦	6.0	♦
180	105	21st Century Dist	121	......	—	—	—	—
25½	14	Webb (Jos.) 5p.	25½	+2½	d0.51	0.5	2.9	—
92	75	Zetters 5p	91	......	3.10	2.9	4.9	10.0

MOTORS, AIRCRAFT TRADES

Motors and Cycles

81	18	B.L. 50p	70	+2	—	—	—	—
*68	43	Coleman Milne 10p	50	......	†1.0	3.7	2.9	8.1
255	188	Gen. Mts. Units	255	......	Q12c	—	3.3	—
347	215	Honda Motor Y50	333	+4	†Q20%	9.1	0.9	12.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
28½	13½	ACM 20c	17	......	—	—	—
52	30	Allgate Expl. NL	38	......	—	—	—
10½	3¼	Asia Oil & Mins.	4¼	......	—	—	—
40	9	Austrain Mng. NL	21½	+½	—	—	—
25	11	Balmoral Res.	15	......	—	—	—
60	30	Black Hill Mins.	30	......	—	—	—
104	51	Bond Corp.	102	-2	Q10c	0.7	6.6
183	116	Bougainville 1 Kina	151	+1	[illegible]	1.2	1.3
396	204	CRA 50c	356	-4	[illegible]	—	0.6
145	60	Carr Boyd 20c	70	+2	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

High Income				
Gilts & Fixed Int.	117.7	124.6	-0.2	9.63
High Inc Equity	58.7	63.1xd	+0.2	6.09
Capital Growth				
American Growth	102.7	110.4xd	-1.4	1.72
Assets & Emgs. Tr.	56.6	61.2	+0.2	3.44
Capital Reserve	51.6	51.9	-0.1	0.84
Commodity & Engy.	79.1	85.0	-0.5	3.05
General	93.8	101.4xd	+0.4	3.01
Japan	129.5	139.2	-0.5	0.22
UK Growth	55.6	60.5	....	2.68
Acc Units	77.2	83.9	+0.1	2.68
US Emerging Co's	47.7	51.3	-0.4	0.50
Worldwide Bond	139.4	149.9	-0.4	3.67
Equitas Prog.	132.7	143.5	+0.4	3.89

Aitken Hume
1, Worship St., EC2 01-628 6626

American Tech Fd.	146.2	157.1	....	0.10
Inc & Gwth Fd.	33.8	36.3xd	+0.2	5.47
Pacific Fd	144.0	155.4	-0.5	0.40
Secure Income Fd.	119.8	128.7xd	+1.2	6.60
Special Sits.	163.3	175.5	....	0.97
Energy Fd.	239.3	257.2xd	-0.5	0.60
Exempt Fd.	386.5	415.5xd	....	3.00
Small Co's Fd.	266.0	286.0	....	2.45
Jap. Technology	61.4	66.2	+0.7	0.20

Allied Unit Trusts Limited (A.) (G.)
Allied Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Trusts				
First Trust	135.7	145.2	+0.6	4.25
Growth & Income Tst.	87.0	93.1xd	+0.6	3.44
Capital Trust	165.4	177.0	+0.4	2.42
Balanced Trust	231.2	247.4	+0.8	3.58
Accum Trust	338.9	362.6	+1.7	3.31
Income Trusts				
High Income Trust	147.6	157.9	+0.7	5.18
Equity Income Trust	80.3	85.9xd	+0.6	5.53
High Yield Trust	99.5	106.5	+0.8	6.44
Govt Secs Trust	28.7	30.6	-0.1	8.86
International Trusts				
International Trust	56.6	60.6xd	....	1.04
Japan Trust	56.4	60.4xd	....	0.01
Pacific Trust	109.4	117.1xd	+0.1	0.51

INSURANCES

Insurances—continued

Offshore & Overseas—continued

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.

T-G N Amer	$23.06	....	—
T-G Money	$22.15	....	—
T-G Eurobond	$15.80	....	—
T-G Commodity	$21.42	....	—
T-G Mortgage	C$20.57	....	—
T-G Overseas	$12.68	....	—
T-G Pacific	Y2.227	....	—
T-G Wall St	$26.44	....	—
T-G Gold	$9.14	....	—

United Fund Managers Ltd
16-18 Queens Road Central, Hong Kong. 5-231417

S&MfvT	$11.45	11.95	+0.07	—

Money Market Trust Funds

	Nom	APR	Int cr	Notice
Mallinhall Ltd				
36 Berkeley Sq, W1X 5DA.			01-499 6634	
MallinghallMyFd	8.85	9.18	Qtr	Call
The Money Market Trust				
63 Qn Victoria St EC4N 4ST.			01-236 0952	
Call Fund	8.72	8.93	6mth	Call
7-day Fund	8.80	9.02	6mth	7day
Oppenheimer Money Management Ltd				
66 Cannon St. EC4P 4ST.			01-236 0233	
Call Fund	8.62	8.80	6mth	Call
7-day £	8.71	8.80	6mth	7day
HighIntOpAcc	8.62	8.80	6mth	1day
Dollar	8.37	8.54	6mth	2day

Money Market Bank Accounts

	Nom	APR	Int cr	Notice
Aitken Hume				
1 Worship St. EC2A 2HQ.			01 638 6070	
Treasury Acc	8.875	9.175	Qtr	Call
Monthly Acc*	8.75	9.11	Mth	Call
Bank of Scotland				
38 Threadneedle St. EC2P 2EH.			01-628 8060	
Cheque Acc*	8.80	9.16	Mth	Call
Britannia Gp of Investment Companies				
29 Finsbury Circus. EC2M 5QL.			01-588 2777	
Cater Allen*	8.875	9.245	Mth	Call
Charterhouse Japhet PLC				
1 Paternoster Row. EC4M 7DH.			01-248 3999	
Sterling*	9.00	9.38	Mth	Call
U.S. Dollar	9.50	10.08	Mth	Call
German Marks	5.50	5.72	Mth	Call
Swiss Francs	0.75	0.76	Mth	Call
Choulartons				
30 Ashley Rd. Altrincham. Cheshire WA14 2DW.			061-928 9011	
Cheque Acc*	10.03	10.5	Mth	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE.			0803 862271	

F.T. CROSSWORD PUZZLE No. 5,327

ACROSS

1 Turn into suit? (6)
4 Two-thirds of tree—about half? It's of no practical importance (8)
9 Shed one from toe-nail, possibly (4-2)
10 Student pass for Doncaster saint (8)
12 Italian river is a river that's deadly (8)
13 Namely, something round the neck—back of it (6)
15, 16 Justification of killing feels d—— odd to the receiver (4-7)
20, 21 Reproduction to make actors drunk? (7, 4)
25 A bit each (6)
26 Beetle, the morning after inversion? (8)
28 Roman god takes in endless French painter, which is proper (8)
29 Shrub provides last drink among ex-drinkers (6)
30 Precious powder and shot, with theologian in deadly sin (4-4)
31 Run away from church in wolf's clothing? (6)

DOWN

1 Button for calling Vice-President about the Spanish record (4-4)
2 Bone to call vice, perhaps (8)
3, 5 Fool that's taken on gets sack for whiskers (6-4)
6 Tact will get you a dainty dish (8)
7 Great man with son in Mastermind (6)
8 Painter breaks coffee jug (6)
11 Setback about poetry . . . (7)
14 . . . book using the same characters (7)
17 Corporal punishment banned by union in parliament (5, 3)
18 The mob, first afflicted in corporal punishment (8)
19 Flavour in food is raised to make no progress (8)
22 Adult version of "Drink, puppy, drink"? (3-3)
23 Wrong half of California's in the Chancellor's hands (6)
24, 27 Country crackers — use them carefully! (6, 4)

Solution to Puzzle No. 5,326

INSURANCE & OVERSEAS MANAGED FUNDS

Bl ck Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		243.19	.....	—
Managed Inv. Fd.	164.78	173.46	.....	—
Property Fd.	152.16	160.17	.....	—
Fixed Interest Fd	148.30	156.11	.....	—
Cash Fd.	137.47	144.71	.....	—
Income Fd.	181.54	191.10	.....	—
Extra Income Fd.	174.41	183.59	.....	—
Worldwide Growth Fd.	233.27	245.56	.....	—
Balanced Fd.	183.11	192.75	.....	—
Smlr Co's & Recy. Fd	210.19	221.26	.....	—
Int. Technology Fd.	269.08	283.25	.....	—
Nth. Amer. & Gen. Fd.	162.45	171.00	.....	—
Energy Int. Fd.	108.46	114.16	.....	—
Pacific Basin Fund	149.98	157.88	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	117.7	123.9	.....	—
Property	120.2	126.6	.....	—
Equity	125.2	131.8	.....	—
International	132.0	138.9	.....	—
Fixed Interest	104.2	109.7	.....	—
Deposit	100.6	105.9	.....	—
Managed Pen. Cap.	118.3	124.5	.....	—
Property Pens. Cap.	121.9	128.3	.....	—
Equity Pens. Cap.	120.5	126.9	.....	—
Intnl. Pens. Cap.	137.4	144.6	.....	—
Fixed Int. Pens. Cap.	100.8	106.1	.....	—
Deposit Pens. Cap.	98.0	103.2	.....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity 6th Dec 29		97.4	.....	—
Rtmt. Fed. Jan. 6		288.3	.....	—
Managed Pen Fund	193.8	204.0	.....	—
Property Pen Fund	117.3	123.5	.....	—
Index Lnkd Pen Fund	111.6	117.5	.....	—
Managed	128.9	135.7	+0.5	—
Property	106.3	111.9	.....	—
Gilt and Fixed Interest	108.6	114.4	.....	—
Index-Linked	97.3	102.5	.....	—
Equity	130.4	137.3	+0.5	—
Cash	105.7	111.3	.....	—
Midland Bk. Unit Tst.	126.8	133.5	-0.1	—
Midland Bank Intnl.	149.8	157.7	-1.0	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	127.7	134.5	-0.2	—
GT Pln High Yld Fnd	131.5	138.5	.....	—
GT Plan Far East Fnd	129.2	136.0	.....	—
GT Plan N. Am Fd.	142.6	150.2	.....	—
GT Pln UK&G.E. Fnd	149.5	157.4	.....	—
GT Pln Wrldwde Fnd.	154.6	162.8	.....	—
GT Pension Bnd Fnd.	140.6	148.0	-0.3	—
GT Pen High Yld Fd	150.5	158.5	.....	—
GT Pen Far East Fd	159.5	167.9	.....	—
GT Pen N. Am. Fd.	209.0	220.1	.....	—
GT Pen UK & G.E. Fd	172.8	181.9	.....	—
GT Pen Worldwide Fd.	167.0	175.8	.....	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733
Intl. Managed Bond 170.2 179.2 ..... —

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971
Portfolio Fd. Acc. 265.1 ..... —
Portfolio Fd. Init. 216.6 ..... —
See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	286.9	302.3	+0.3	—
Money Fd	157.2	165.6	+0.1	—
Equity Fd.	245.3	258.5	+3.0	—
Fixed Int. Fd.	118.6	125.0	-1.0	—
Property Fd	175.4	184.8	+1.2	—
Managed Pen. Fd.	270.1	284.6	.....	—
Equity Pension Fd.	190.7	200.9	.....	—
Fixed Int. Pen. Fd.	166.9	175.9	.....	—
High Yield Pen. Fd.	164.7	173.6	.....	—
Money Pension Fd.	130.6	137.5	.....	—
Property Pension Fd	129.3	136.2	+0.8	—
American & Gen. Fd.	255.4	269.1	-1.5	—
Income Fd	205.4	216.7	+1.6	—
Int'l. Growth Fd	282.8	298.0	-0.3	—
Capital Fund	214.9	226.5	+0.9	—
Recovery Fund	164.1	172.9	+0.6	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American Jan 24	175.7	185.0	.....	—
British Jan 24	138.8	146.2	.....	—
Commodity Jan 24	133.6	140.7	.....	—
Extra Inc Jan 24	125.7	132.4	.....	—
Far Eastern Jan 24	131.2	138.2	.....	—
High Inc Jan 24	131.9	138.9	.....	—
Income Jan 24	162.2	170.8	.....	—
Global Street Jan 24	194.4	204.7	.....	—
Special Sits Jan 24	147.4	155.2	.....	—
Gilt Jan 24	105.1	110.7	.....	—
Japan Jan 24	184.1	193.8	.....	—
U. Small Co's Jan 24	138.6	145.9	.....	—
Man Gwt Jan 24	162.9	171.5	.....	—
Austrin Jan 24	118.3	124.6	.....	—
Oil and Energ Jan 24	123.1	129.6	.....	—
Gold Share Jan 24	73.2	77.1	.....	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393
'Asset Builder' 68.2 72.2 ..... —

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Jan 13	63.9	69.0	.....	—
MM Flexible Jan 6	53.6	56.5	.....	—
Fixed Interest Jan 3	56.5	59.6	.....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

Difficult year for beef predicted

BY ANTHONY McDERMOTT IN GENEVA

THE WORLDWIDE market in beef suffered from another difficult year in 1983 as prices fell and herd slaughtering increased, and 1984 looks little better, according to a report published in Geneva yesterday by the General Agreement on Tariffs and Trade.

The report says: "Negative factors seem more numerous. On balance it would appear that 1984 could be another mediocre year as regards returns to producers."

Figures for the eight main Western exporters (Australia, the EEC, Argentina, Brazil, New Zealand, Uruguay, the U.S. and Canada) show that exports of beef and veal fell by 3 per cent in 1983 to 2,853,000 tonnes. Gatt forecasts a further 6.9 per cent fall to 2,655,000 tonnes in 1984.

Imports by the top five Western importers (the U.S., EEC, Japan, Canada and Brazil) fell 1.6 per cent to 1,522,600 tonnes (1.8 per cent) in 1983. A rise of 0.4 per cent to 1,529,000 tonnes is expected for 1984.

If the market is to recover, the report says, much will depend on the state of the world economy. This would affect in particular North America and the Far East. The recession has hit, especially, imports in the Middle East, with the exceptions perhaps of Iraq and Israel.

EEC exports are not expected to change in 1984, following a 25 per cent rise to 490,000 tonnes in 1983. The report says: "A major negative factor" in export forecasts for 1984 is the probability of reduced imports by the Soviet Union.

A paradox has been that at least 14 of the signatory countries experienced "cattle herd liquidations" in 1983, which led to an increase in beef production in a diminishing market. This was particularly marked in the U.S. and Canada.

The situation was aggravated further by increased supplies of pork and poultry in many European countries.

The World Market for Bovine Meat; Gatt Secretariat, 154 Rue de Lausanne, 1211 Geneva 21, Switzerland.

Importers to challenge rejection of milk

IMPORTERS of 500 litres of Danish long-life milk rejected by inspectors at Harwich this week because the water content was too high are having the consignment tested by an independent analyst.

Danish Quality Foods claims the rejected milk was from the same consignment as two batches which passed tests at other British ports earlier in the week. "Something is obviously wrong with the testing system," said a company official.

Since the European Court insisted that Britain remove its ban on imported milk, one French batch and two Danish batches have been passed for sale to the public. Another French batch was found to contain too much water.

● U.S. Department of Agriculture has agreed to make available up to $34m (£24m) to combat the spread of avian flu in Virginia. Meanwhile four more premises in the Pennsylvania/New Jersey quarantine area were found to be infected with the disease.

● KENNECOTT of the U.S. said it was increasing its base price for full plate electrolytic copper cathodes by 2 cents to 67 cents a lb with immediate effect.

● APPLE production in selected northern hemisphere countries in the 1983-84 season is forecast by the U.S. Department of Agriculture to be 13.6m tonnes, down from the previous season's record 16.2m tonnes. Pear output is projected at 4.77m tonnes against 4.46m tonnes.

● SIX farms in the Netherlands have been affected by swine fever this year and about 3,200 pigs have been destroyed, the Ministry of Agriculture said. The last outbreak was on Wednesday in Aalten, near the West German border.

Changing patterns of farm land ownership

Farmer's Viewpoint: By John Cherrington

IT IS IRONICAL that in spite of the uncertainty over farm prices which has been widely publicised for the last few months, the value of land sold with vacant possession is still gently rising.

For the three months ended last November the figure was £1,923 an acre, and land agents reporting at the turn of the year in general forecast a further improvement particularly for good arable farms. Only one had doubts about dairy holdings.

But the pattern of customers appears to be changing. The institutional investors do not seem to be so active and tenanted farms are changing hands at a widening discount to those with vacant possession.

The main buyers now are farmers, many of them taking advantage of the breaking-up of a holding into more easily saleable lots which the vendors believe will aggregate more money.

This fragmentation is easy to understand, for a farmer can justify the cost of increasing his acreage by 10 or 20 per cent if the cost is averaged out over the whole of his landholding.

For instance, a farmer increasing his holding from 200 to 250 acres by spending £2,500 an acre for the fields next door would find it difficult to justify borrowing the money at, say, 11½ per cent because this would be equivalent to a rent of £287 an acre for the purchased land. But spread over the whole farm it would be equivalent to a rent charge of £57.50 an acre, somewhere in line with some modern rents.

Of course the farmer might have money saved which would lower the cost to him of the extra land. But to those who say that good business people should value their assets and their earnings from them at modern prices, I can only say that the average farmer does not think like that.

It is of course possible for expanding farmers to cover their interest charges by increasing production, but with dairy farmers threatened with farm quotas it would not seem sensible to expand. Other guaranteed products, in particular cereals, face difficulties as well.

There are, of course, individuals who have sold farms for development or who have acquired wealth from the stock exchange or industry. Their motives are seldom wholly agricultural. Land has been an appreciating capital asset since the early 1950s, even if the earnings from its current value have not been very exciting.

This was undoubtedly the view of the institutions who were prepared to tolerate low income from rents in return for a certainty of capital appreciation.

They seem to have changed this view recently. Rent increases are being resisted, a trend which is bound to accelerate as the common agricultural policy reforms bite into margins, and tenanted land is difficult to sell.

Should the Agricultural Holdings Bill, now before Parliament, enact a formula for rents based on the productivity of the holding and not, as at present, on demand, the attraction of tenanted land will drop still further. This part of the Bill is being strenuously resisted by land agents but the National Farmers' Union would probably stop supporting the Bill if the new rent formula were to be omitted.

Could land prices fall? Many farmers expect them to because without the distortions of averaging it is difficult economically to justify more than £1,000 an acre for reasonable land at present interest rates. They are aware that on the Continent, particularly in France and Denmark, the land market is weak and has fallen by up to 30 per cent.

This is an interesting development because a dozen years ago UK land was the cheapest in Europe. It is now probably about the dearest.

It can be argued that Community membership could harmonise land prices, as it tries to do with farm products, leaving the economic differentials due to soil and climate to be determined by the market. There is plenty of evidence that this happened elsewhere in Europe.

The difference, as far as the UK is concerned, is that it contains the only free European market for farm land where there are no restrictions placed on farm ownership because of nationality, undue aggregation or anything else. Until this situation is altered, either by legislation or a change of investment fashion, it is doubtful if British farm land prices will ever fall to really economic levels.

Agriculture grant payments resumed

By Our Commodities Staff

THE GOVERNMENT is to resume payment of some capital grants to farmers which were halted last month as a result of an EEC dispute over plans to cut grant aid to the dairy industry.

Mr Michael Jopling, Minister of Agriculture, announced yesterday that payments for capital expenditure on items such as water supply, storage, field drainage, roads, land reclamation and fresh water flood protection under the Agriculture and Horticulture Grant Scheme (AHGS) were being resumed.

The payments were suspended on December 31 along with other capital grants and hill livestock compensatory allowances (HLCAs) because of the failure of the EEC Council of Agriculture Ministers to extend the Community's system of structural aids for farmers.

Mr Jopling said the legal position was still not totally clear but that he had decided payments under the AHGS, which is entirely nationally funded, would be resumed.

Palm oil switch feared

KUALA LUMPUR — Malaysian palm oil producers fear that high palm oil prices may force major consumers, such as India and Pakistan, to switch to other cheaper edible oils.

They say that if the two consumers begin to buy other oils, especially soyabean oil, in large quantities because they are cheaper, Malaysian palm oils could find it difficult to re-enter those markets later this year.

Fully refined soyabean oil is being offered in Singapore for $820 a tonne cif, while palm Olein is being sold at $1,320 a tonne fob, according to one major producer.

Indian and Pakistani officials attending a seminar on palm oil marketing here recently warned that high prices of palm oil had already led to a cut in its use as a product mix for the Vanaspati and Ghee industries.

Meanwhile, the Indonesian Government has put the manufacture, distribution and sale of cooking oil under the surveillance of the state logistics bureau in the latest in a series of moves designed to stop traders rushing to take advantage of soaring palm oil prices on the world market.

Reuter

Doubts cast on prospects of achieving sugar pact

CANBERRA — The likelihood of a new International Sugar Agreement being negotiated is on balance more negative than positive, S & W Berisford group economist Mr Simon Harris said in Canberra yesterday.

After delivering a paper on the difficulties of negotiating a new agreement to the 1984 National Agricultural Outlook Conference organised by the Bureau of Agricultural Economics, Mr Harris said in a panel discussion that he expected the world sugar price to fall to 5.5 U.S. cents a pound (from 6.97c at the moment) by the end of this year.

He expected Brazil in particular to unload large supplies onto the world market in the absence of a new agreement.

Australia and the EEC were likely to be blamed by other exporters for any failure to reach agreement because of their insistence on an effective commercial, rather than politically motivated agreement, Mr Harris said.

He cited as one obstacle to agreement the gap between the tonnage reaching the world free market and the total of proposed minimum export entitlements being put forward by exporters.

These now total 23.4m tonnes, well over the 20m tonnes or so entering the free market annually.

In London, meanwhile, Australian, Brazilian, Cuban and European Community representatives met briefly to reach a better understanding of their differences over a new international sugar agreement before returning to their own countries following 10 days of abortive negotiations.

It had become obvious during the session that no progress would be possible without greater flexibility among the major exporters, delegates said.

Negotiations are to resume in Geneva on June 12, or in May if the International Cocoa Organisation council in March decides not to have a cocoa negotiating conference during that month.

The present sugar agreement is due to expire at the end of this year.

Reuter

Chrysanthemum import fears

THERE ARE fears that Dutch chrysanthemums infected with white rust are still coming into Britain despite a ban imposed at the end of last year, writes Christina Walker.

Some Covent Garden traders believe 300 boxes of chrysanthemums which arrived in Britain yesterday marked as being of Belgian origin are actually Dutch. The Ministry of Agriculture said it had no reason to suspect this was so but it has been checking shiploads as they arrive.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 26 1984	+ or —	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	$1530/560	—50	$1570/600
Copper			
Cash h Grade	£981.5	+9.75	£977.5
3 mths	£981.25	+9.5	£1005.25
Cash Cathode	£975.5	+9.5	£959.5
3 mths	£994.5	+10.5	£986.75
Gold troy oz.	$367.375	+0.75	$382.125
Lead Cash	£278.35	+1.5	£282.75
3 mths	£286.75	+1.5	£292.75
Nickel	£4945	....	£4813
Free Mkt	207/227c	—1	205/225c
Palladium oz.	$156.00	+0.5	$169.30
Platinum oz.	£266.60	+0.95	£268.75
Quicksilver†	$302/305	....	$303/312
Silver troy oz.	577.15p	+0.30	610.60p
3 mths	589.85p	—0.25	623.90p
Tin cash	£8645	—15	£8395
3 months	£8787.5	—8.5	£8525
Tungsten	$74.41	....	$74.70
Wolfram 22.04lb	$74/78	....	$70/74
Zinc	£691	+2.5	£612.5
3mths	£687.75	+3	£626
Producers	$1,010	....	$988

	Jan. 26 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1120y	—10	$1050
Groundnut	$1035v	....	‡
Linseed Crude	£444w	....	‡
Palm Malayan	$800u	—40	$755
Seeds			
Copra Phil.	$715v	—5	$680
Soyabean (U.S.)	$305.25	—5.5	$334.20
Grains			
Barley Fut. May	£120.10	—0.40	£122.85
Maize	£146.50y	....	£148.05
Wheat Fut. May	£121.35	....	£122.20
No 2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£2048	—21	£1998
Futures May	£1978.5	—21	£1986
Coffee Ft. Mar	£2098.5	—9.5	£1926.5
Cotton A Index	87.30c	....	89.25c
Gas Oil Feb	$265	—1.75	$251.25
Rubber (kilo)	89p	+1	84.25p
Sugar (raw)	£126yz	+0.5	£128
Woolt'ps 64s	461p kilo	+7	488pkilo

‡ Unquoted. u April. w Feb. z March. x May. v Feb-March. y Jan-Feb. † Per 75-lb flask. * Ghana cocoa. n Nominal. c Cent per pound.

LONDON OIL

The market opened on the highs when it met light trade selling and quickly slipped back a dollar to trade in a narrow range for the rest of the morning. A price fall in New York pushed the market to the lows, where it remained despite a U.S. recovery. Profit-taking sparked a short-lived rally before the close, reports Premier Man.

Turnover: 1,741 (2,290) lots of 100 tonnes.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.60-28.70	—
Iranian Light	27.80	+1.5
Arab Heavy	26.35-26.45	—
North Sea (Forties)	29.60	+1.3
North Sea (Brent)	29.60-29.75	—
African Bonny Li'ht	29.70	+.2
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	273-277	—
Gas Oil	262-266	—1
Heavy fuel oil	174-178	—

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	—	—	—
Mar	29.30	+0.13	—
Apr	29.10	+0.08	23.15-29.04
May	29.05	+0.12	29.05-25.98
June	28.92	—0.52	—
July	28.92	—0.52	—

Turnover: 16 (11) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	260.50	—1.25	262.00-260.5
Feb	255.00	—1.75	257.75-255.0
Mar	248.00	—0.25	250.50-247.5
April	241.25	—0.25	242.50-241.2
May	237.25	+0.25	237.50-237.0
June	235.60	—1.50	237.50-235.5
July	237.25	—0.50	237.50-237.2
Aug	239.00	—3.00	239.00
Sept	240.00	—2.00	—

Turnover: 2,290 (2,476) lots of 100 tonnes.

GOLD MARKETS

Gold rose $¾ to $367-367¼ on the London bullion market yesterday. It opened at $368-$368¾, and was fixed at $368.40 in the morning, and $367 in the afternoon. The metal touched a peak of $368¾-369¼, and fell to a low of $366¼-367¼.

In Paris the 12½ kilo gold bar was fixed at FFr 102,000 per kilo ($368.77 per ounce) in the afternoon, compared with FFr 102,000 ($369.30) in the morning, and FFr 102,000 ($367.15) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,290 per kilo $368.53 per ounce), against DM 33,312 ($366.65), and closed at $367-367½, compared with $366¼-366¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $368.25, against $369.

In Zurich gold finished at $367-$367½, compared with $366¼-367.

LONDON FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ per troy ounce		
Feb	367.20-67.30	+0.55	368.90-66.90
April	373.20-73.30	+0.50	374.60-73.20
June	379.00-80.50	+0.75	—
Aug	385.00-87.20	+0.60	387.00-86.00
Oct	392.00-94.00	+1.40	392.50
Dec	398.50-01.00	+1.25	—

Turnover: 383 (393) lots of 100 troy ounces.

	Jan. 26		Jan. 25	
Gold Bullion (fine ounce)				
Close	$367-367¾	(£260¾-261¼)	$366¼-367	(£261¼-261¾)
Opening	$368-368¾	(£261¼-261¾)	$366¼-367	(£261½-262)
Morning fixing	$368.40	(£261.518)	$366.375	(£261.603)
Afternoon fixing	$367	(£260.931)	$366.900	(£261.226)

Gold and Platinum Coins Jan. 26

Krugrnd	$378¼-378¾	(£268¾-269)	King Sov	$89½-91	(£63½-64½)
½ Krug.	$195-195¼	(£138½-139)	Victoria Sov	$89½-91	(£63½-64½)
¼ Krug.	$99½-100¼	(£70¾-71¼)	French 20s	$73½-75	(£52-53¼)
1/10 Krug.	$40½-41¼	(£28¾-29¼)	50 Pesos Mex	$453-455	(£321¾-323¼)
Mapleleaf	$378-378¾	(£268½-269)	100 Cor Aust	$358-362	(£254¼-257¼)
New Sov	$86¼-86¾	(£61¼-61¾)	$20 Eagles	$525-535	(£373-380)
½ New Sov.	$51¾-52½	(£36¾-37¼)	Noble (Plat.)	$386¼-390½	(£274½-277½)

EUROPEAN MARKETS

ROTTERDAM, January 26.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Feb 155, March 156, April 157, May 157.50, mid-June/mid-July 147.50. U.S. Two Northern Spring 14 per cent protein Feb 193, March 193.50, April/May 179, May 179.50, June 179, July 178. U.S. Three Amber Durum Feb 208, March 210, April/May 194, June 193, July 192.50, Aug 191, Sept 185. Canadian Western Spring April/May 207, June 206.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat cif Antwerp 158, Jan 159, Feb 156, March 154.50, April-June 155, July/Sept 154, Oct/Dec 138.50 sellers. Argentine Plate Feb 168, March 163, April 159, April/June 156 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports Jan 299.25, Feb 298.25, March 298.40, April 299.70, May 301.50, June 304, Sept 297, Oct 282.70, Nov 282.30, Dec 286.60, Jan 290.70 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 226, Jan 227, March 227.50, April/Sept 229, Nov/March 231 sellers. Pellets Brazil March 246, April 242, April/Sept 239, Oct/Dec 245.50 sellers. Pellets Argentine afloat 240, Feb 241, March 243, May/Sept 234 sellers.

BRITISH COMMODITY PRICES

BASE METALS

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £977.50, three months £1003, 3.50, 4, 3.50, 3, 2.50. Cathodes: Three months £989, 88.50. Kerb: Higher Grade: Three months £1004, 3, 2.50, 2, 2.50. Afternoon: Higher Grade: Three months £1006, 5.50, 6, 6.50, 7, 6.50, 6. Kerb: Higher Grade: Three months £1005, 6, 6.50, 6, 5.50, 5, 4.50. Turnover: 41,625 tonnes.

COPPER

COPPER AND Aluminium featured in otherwise quiet base metal markets on the London Metal Exchange, with both prices helped by the weakness of sterling. Copper moved ahead steadily throughout as short covering outweighed selling from speculators who had expected the metal to outperform aluminium, and the price reached a high of £1007 before closing at £1004.5. Aluminium was finally a little lower at £1111, while Tin closed at £8780, Lead at £288.5, Zinc at £690 and Nickel at £3395.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	977.5-8	+12	981-2	+9.75
3 months	1002.5-3	+12.5	1006-.5	+9.5
Settlem't	978	+12	—	—
Cathodes				
Cash	971-2	+11.2	975-6	+9.5
3 months	988.5-9	+10.5	994-5	+10.5
Settlem't.	972	+11.5	—	
U.S. pro'd	—	—	*64.5-68	......

TIN

Tin—Morning: Standard: Cash £8640, 35, three months £8785, 80, 85, 80. High Grade: Cash £8740. Kerb: Standard: Three months £8780, 85. Afternoon: Standard: Three months £8780, 85. Kerb: Standard: Three months £8780. Turnover: 2,345 tonnes.

LEAD

ZINC

ALUMINIUM

NICKEL

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 0.3p an ounce higher for spot delivery in the London bullion market yesterday at 577.15p. U.S. cent equivalents of the fixing levels were: spot 813.2c, up 5.3c; three-month 832c, up 4.7c; six-month 853.4c, up 5.5c; and 12-month 899.2c, up 7.3c. The metal opened at 576-578p (810-814c) and closed at 575½-578½p (810-814c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.m.E. p.m. Unoffic'l	+ or —
Spot	577.15p	+0.30	575p	+0.5
3 months	589.85p	—0.25	588.5p	+0.25
6 months	604.45p	+0.30	—	.....
12 months	635.00p	+1.55	—	.....

LME — Silver (2,000 oz contract). Three months 588.5p (589p). Turnover: 0 (0).

Turnover: 40 (64) lots of 10,000 ozs. Morning: Large three months 591.5, 91.0, 90.5, 90.0. Kerb: large three months 950.5. Afternoon: untraded. Kerb: large three months 589.0.

COCOA

An opening which saw futures trading £30 above the previous close set the highs for the day and in nervous trading levels eased to a final call at the lows. Once again only very limited physical trading was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1981-82	—21.0	2035-76
May	1978-79	—21.0	2027-79
July	1951-53	—24.5	2006-48
Sept	1925-29	—24.5	1982-25
Dec	1885-88	—24.5	1941-81
March	1860-65	—30.5	1928-65
May	1845-57	—26.5	1900-60

Sales: 9,011 (8,568) lots of 10 tonnes.

COFFEE

GRAINS

WOOL FUTURES

MEAT/FISH

POTATOES

RUBBER

SOYABEAN MEAL

SUGAR

COTTON

INDICES

AMERICAN MARKETS

NEW YORK, January 26.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases in quiet trading

The dollar lost ground in currency markets yesterday. Trading was thin for most of the day with the dollar attempting a small rally from time to time but attracting little sustained interest. U.S. trade figures due for release today are expected to show a widening overall deficit and this combined with anticipation of a fall in weekly money supply figures pushed the dollar weaker.

President Reagan's speech on Wednesday which included suggestions of a $100bn reduction in the U.S. budget deficit appeared to have little effect.

Against the D-mark the dollar closed at DM 2.8125 down from DM 2.8210 on Wednesday and SwFr 2.2375 compared with SwFr 2.2415. It was also lower against the Japanese yen at Y234.05 from Y234.15 and FFr 8.6175 against FFr 8.62 in terms of the French franc. On Bank of England figures, the dollar's trade weighted index fell from 131.8 to 131.5.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3925. December average 1.4344. Trade weighted index 82.0 up from 81.9 at noon and at the opening and compared with 81.8 on Wednesday and 83.1 six months ago.

Sterling was confined to a 60 point spread against the dollar, opening at $1.4050-1.4090 and closing at $1.4065-1.4075, a rise of 45 points from Wednesday. It was unchanged against the D-mark at DM 3.96 but rose in terms of the Swiss franc to SwFr 3.15 from SwFr 3.1450. It was also higher against the yen at Y329.5 from Y328.5 and FFr 12.12 compared with FFr 12.09.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3330. December average 2.7487. Trade-weighted index 123.4 against 123.4 six months ago.

The D-mark was firm against most currencies at the Frankfurt fixing, but weakened slightly against sterling. The dollar opened at DM 2.81, and traded as low as DM 2.8060 in the morning, before being fixed at DM 2.8113, compared with DM 2.8353 previously. The Bundesbank did not intervene, and trading was fairly quiet on the lack of any news, while U.S. interest rates were also generally steady. Sterling rose to DM 3.9680 from DM 3.9660, but the Dutch guilder fell to DM 88.8850 per 100 guilders from DM 88.8950; the French franc to DM 32.685 per 100 francs from DM 32.700, and the Swiss franc to DM 1.2560 from DM 1.25805.

ITALIAN LIRE — Trading range against the dollar in 1983-84 is 1,720.75 to 1,343. December average 1,666.475. Trade-weighted index 48.4 against 51.1 six months ago.

The lira weakened against most currencies at the Milan fixing, but was firmer against the dollar. Part of the general decline reflected speculation that the Italian authorities might cut the discount rate from 17 per cent within the next few weeks following a recent reduction in one commercial bank's prime rate to 18 per cent from 18½ per cent. The D-mark rose to L608.49 from L607.40 at the fixing; the French franc to L198.63 from L198.53; and the Dutch guilder to L540.77 from L539.66. The Irish punt also advanced to L1,882.25 from L1,880.25, and sterling to L2,408.00 from L2,401.10, but the dollar lost ground following comments by Mr Donald Regan, U.S. Treasury Secretary, about lower U.S. interest rates. It was fixed at L1,710.05, compared with L1,718.00.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	46.0931	+2.66	+1.94	±1.5447
Danish Krone ...	8.14104	8.18542	+0.55	−0.17	±1.6425
German D-Mark ...	2.24184	2.25561	+0.60	−0.12	±1.0642
French Franc ...	6.87456	6.90384	+0.43	−0.29	±1.4052
Dutch Guilder ...	2.52595	2.53989	+0.55	−0.17	±1.4964
Irish Punt ...	0.72569	0.729207	+0.48	−0.24	±1.6699
Italian Lira ...	1403.49	1372.30	−2.22	−2.22	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	Jan. 26	Previous
Spot	$1.4065-4075	$1.4065-4075
1 month	0.04-0.07 dis	0.05-0.06 dis
3 months	0.13-0.17 dis	0.16-0.17 dis
12 months	0.55-0.60 dis	0.70-0.75 dis

Forward rates are quoted in U.S. cents discount.

FINANCIAL FUTURES

Prices firm

Prices finished firm on the London International Financial Futures Exchange, partly boosted by a rumour that Dr Henry Kaufman of Salomon Brothers is soon to revise his forecast about U.S. interest rate trends. March Eurodollars opened at 90.17, in line with the Chicago IMM close on Wednesday, and this was nearly the lowest level of the day, with the contract falling only to 90.16, before rising to finish at the day's peak of 90.22 on speculation that Dr Kaufman is about to forecast lower interest rates.

Wednesday's announcement of a fall in U.S. durable goods orders also continued to lend some support to the market.

Gilts for March delivery began the day on a firm note, at 108.19, compared with the previous close of 108.12. The early improvement seemed prompted by the strength of sterling on the foreign exchanges, and by the better sentiment generated by the much better than expected UK trade figures published Wednesday. There was some suggestion that the market had not reacted strongly enough to the December trade surplus, but sellers soon became dominant, leading to a sudden reversal. March gilts fell from 108.19 to 108.02, the lowest level of the day, within an hour of the opening, before a temporary rally began. It was not until the opening of U.S. markets that gilt futures staged a sustained recovery however, with March delivery closing firmer on the day, and unchanged from the opening at 108.19.

Short term sterling deposits for March finished at the day's peak of 90.65, compared with the previous settlement of 90.59.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.22	90.22	90.16	90.16
June	89.84	89.85	89.80	89.80
Sept	89.55	89.55	89.50	89.50
Dec	89.28	—	—	89.20
March	89.07	—	—	89.01

Volume 2,097 (2,405)
Previous day's open int 3,281 (3,289)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.65	90.65	90.59	90.59
June	90.39	90.39	90.34	90.32
Sept	90.18	90.18	90.10	90.11
Dec	90.00	90.00	89.82	89.84

Volume 1,161 (1,053)
Previous day's open int 6,059 (6,020)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	108-19	108-20	108-02	108-12
June	107-25	107-26	107-09	107-24
Sept	107-12	—	—	107-10
Dec	106-30	—	—	106-29
March	106-18	—	—	106-14

Volume 3,005 (2,999)
Previous day's open int 3,789 (4,125)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 28 to 40 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4100	1.4110	1.4089	1.4095
June	1.4115	1.4123	1.4105	1.4097
Sept	1.4135	—	—	1.4067

Volume 285 (544)
Previous day's open int 2,401 (2,401)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3582	0.3582	0.3572	0.3583
June	0.3614	—	—	0.3595
Sept	0.3666	—	—	0.3647

Volume 43 (21)
Previous day's open int 371 (370)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4509	0.4509	0.4495	0.4500
June	0.4568	—	—	0.4550

Volume 18 (41)
Previous day's open int 158 (132)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4290	0.4290	0.4290	0.4288
June	0.4330	—	—	0.4326

Volume 28 (8)
Previous day's open int 312 (312)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	71-04	71-07	71-00	70-24
June	70-17	70-20	70-13	70-08
Sept	69-31	70-01	69-27	69-22
Dec	69-15	69-15	69-10	69-05
March	69-00	69-00	68-28	68-23
June	68-19	68-19	68-15	68-10
Sept	68-03	68-06	68-03	67-31
Dec	—	—	—	67-23

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.06	91.06	91.01	91.02
June	90.73	90.75	90.70	90.71
Sept	90.44	90.44	90.41	90.42
Dec	90.16	90.17	90.14	90.15
March	89.90	89.91	89.89	89.89
June	89.66	89.66	89.65	89.66
Sept	—	—	—	89.44
Dec	—	—	—	89.25

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.41	90.43	90.36	90.37
June	89.99	90.01	89.95	89.96
Sept	89.64	89.65	89.60	89.60
Dec	—	—	—	—
March	—	—	—	—

THREE-MONTHS EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.24	90.24	90.18	90.19
June	89.86	89.88	89.82	89.83
Sept	89.56	89.58	89.52	89.53
Dec	89.26	89.28	89.21	89.22
March	88.96	88.97	88.92	88.93
June	88.66	88.67	88.62	88.63
Sept	88.40	88.40	88.40	88.37

STERLING (IMM) Se per £

	Latest	High	Low	Prev
March	1.4040	1.4115	1.4030	1.4085
June	1.4060	1.4120	1.4050	1.4095
Sept	1.4075	1.4155	1.4070	1.4105
Dec	1.4110	1.4120	1.4100	1.4125
March	1.4120	1.4200	1.4120	1.4145

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-21	70-26	70-20	70-15
June	69-27	69-30	69-25	69-20
Sept	69-05	69-05	69-07	69-01
Dec	68-16	68-22	68-16	68-12
March	67-27	67-30	67-25	67-24
June	—	—	—	67-07
Sept	66-11	—	—	66-26
Dec	—	—	—	66-07
				65-11

THE POUND SPOT AND FORWARD

Jan 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4050-1.4110	1.4065-1.4075	0.03-0.06c dis	−0.47	0.13-0.18dis	−0.44
Canada	1.7570-1.7600	1.7580-1.7590	0.03-0.13c dis	−0.55	0.17-0.27dis	−0.50
Nethlnd.	4.44-4.45½	4.44½-4.45½	1½-½c pm	3.03	3¾-3⅜ pm	3.15
Belgium	80.65-80.95	80.70-80.80	5-15c dis	−1.49	40-50 dis	−2.23
Denmark	14.32-14.36½	14.34½-14.35½	1⅞-2⅞ore dis	−1.88	5½-6½ dis	−1.72
Ireland	1.2795-1.2870	1.2797-1.2807	0.25-0.35p dis	−2.88	0.80-0.90dis	−2.68
W. Ger.	3.95¾-3.97	3.95¾-3.96¾	3⅛-2⅛pf pm	3.41	3⅞-3 pm	3.28
Portugal	189.75-191.75	190.75-191.25	145-395c dis	−16.96	890-890dis	−15.50
Spain	223.00-224.00	223.15-223.35	190-210c dis	−10.75	580-615dis	−10.70
Italy	2,405-2,411	2,405-2,407	13⅝-15⅜ lire dis	−7.23	43½-45½dis	−7.40
Norway	11.03-11.05	11.03¾-11.04¾	3⅜-4⅜ore dis	−3.53	9⅝-10¾ dis	−3.60
France	12.09-12.13	12.11¾-12.12¾	2⅝-3⅛c dis	−2.97	10¼-11⅛dis	−3.71
Sweden	11.43⅛-11.46⅛	11.44⅛-11.45⅛	1-2½ore dis	−1.63	4-4¾ dis	−1.48
Japan	328-330½	329-330	0.95-0.78y pm	2.57	2.38-2.28 pm	2.83
Austria	27.80-27.95	27.83-27.88	8-5⅞gro pm	3.01	27⅝-18⅝ pm	3.25
Switz.	3.14-3.16⅛	3.14⅛-3.15⅛	1⅞-1⅛c pm	5.52	4⅝-4⅜ pm	5.71

Belgian rate is for convertible francs. Financial franc 82.20-82.30. Six-month forward dollar 0.27-0.32c dis, 12-month 0.65-0.75c dis.

THE DOLLAR SPOT AND FORWARD

Jan 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4050-1.4110	1.4065-1.4075	0.03-0.06c dis	−0.47	0.13-0.18dis	−0.44
Ireland†	1.0985-1.1040	1.1005-1.1015	0.23-0.38c pm	2.34	0.81-0.94 pm	3.09
Canada	1.2458-1.2475	1.2465-1.2470	par-0.02c dis	−0.10	par-0.02 dis	−0.03
Nethlnd.	3.1600-3.1680	3.1605-3.1620	1.00-0.90c pm	3.60	2.82-2.78 pm	3.54
Belgium	57.35-57.50	57.38-57.40	6-7c dis	−1.25	25-29 dis	−1.88
Denmark	10.18½-10.21	10.19⅝-10.19⅞	1¾-2ore dis	−2.35	5½-6¼ dis	−2.30
W. Ger.	2.8025-2.8160	2.8120-2.8130	0.90-0.85pf pm	3.88	2.71-2.66 pm	3.82
Portugal	135.40-136.20	135.70-136.20	100-225c dis	−14.34	340-690dis	−15.15
Spain	158.40-158.90	158.50-158.60	135-150c dis	−10.77	400-450dis	−10.71
Italy	1,709-1,712	1,710-1,711	9½-10½ lire dis	−6.99	29½-30½dis	−7.07
Norway	7.8400-7.8600	7.8500-7.8550	2.50-3.50ore dis	−4.59	6.10-6.60dis	−3.23
France	8.5800-8.6250	8.6150-8.6200	1.85-1.95c dis	−2.65	7.10-7.40dis	−3.37
Sweden	8.1300-8.1600	8.1400-8.1450	0.30-0.70ore dis	−0.74	0.30-1.10dis	−0.26
Japan	233.75-234.25	234.00-234.10	0.69-0.62y pm	3.43	1.95-1.90 pm	3.29
Austria	19.76-19.84½	19.78½-19.79½	6.40-5.60gro pm	3.47	18.25-16.25pm	3.48
Switz.	2.2345-2.2430	2.2370-2.2380	1.21-1.17c pm	6.37	3.44-3.40 pm	6.11

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.43-58.48.

OTHER CURRENCIES

Jan 26	£	$		£ Note Rates
Argentina Peso...	35.25-36.25	25.76-25.76	Austria...	27.75-28.05
Australia Dollar	1.5430-1.5450	1.0970-1.0975	Belgium...	81.75-82.55
Brazil Cruzeiro	1,492.8-1,500.6	1,060-1,065	Denmark...	14.29-14.42
Finland Markka	8.1170-8.1400	5.9980-5.9310	France...	12.04-12.16
Greek Drachma	146.00-148.50	103.90-103.30	Germany...	3.92½-3.97½
Hong Kong Dollar	10.95-10.96	7.7800-7.7850	Italy...	2400-2440
Iran Rial...	124.80*	88.75*	Japan...	329-333
KuwaitDinar(KD)	0.4140-0.4146	0.2946-0.2948	Netherlands...	4.42-4.47
Luxembourg Fr.	80.70-80.80	57.38-57.40	Norway...	11.02-11.13
Malaysia Dollar	3.2930-3.2960	2.3385-2.3400	Portugal...	194-203
New Zealand Dlr.	2.1640-2.1690	1.5390-1.5405	Spain...	221-233
Saudi Arab. Riyal	4.9560-4.9480	3.5100-3.5110	Sweden...	11.40-11.51
Singapore Dollar	2.9850-3.0010	2.1285-2.1300	Switzerland...	3.13½-3.16½
Sth African Rand	1.7765-1.7810	1.2640-1.2660	United States...	1.39½-1.41½
U.A.E. Dirham...	5.1645-5.1700	3.6720-3.6730	Yugoslavia...	201-217

*Selling rates.

CURRENCY RATES

Jan. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling...	—	0.735028	0.570550
U.S. $...	8½	1.03493	0.802482
Canadian $...	9.98	1.29155	1.00047
Austria Sch.	3¾	20.4997	15.9834
Belgian Fr...	10	59.4005	46.0931
Danish Kr...	7	10.5427	8.18542
D'mark...	4	2.90947	2.25561
Guilder...	5	3.27449	2.53989
French Fr...	9½	8.90342	6.90384
Lira...	17	1769.76	1372.30
Yen...	5	242.171	187.904
Norwgn Kr...	8	8.11661	6.31461
Spanish Pta.	—	164.240	128.195
Swedish Kr...	8½	8.42462	6.53148
Swiss Fr...	4	2.31615	1.79596
Greek Dr'ch.	20½	106.674	82.5728

*CS/SDR rate for Jan 25: 1.28882.

CURRENCY MOVEMENTS

Jan. 26	Bank of England Index	Morgan Guaranty Changes%
Sterling...	82.0	−8.5
U.S. dollar...	131.5	+19.1
Canadian dollar...	92.6	+0.7
Austrian schilling...	113.2	+3.7
Belgian franc...	88.7	−12.5
Danish kroner...	77.9	−7.8
Deutsche mark...	123.4	+8.5
Swiss franc...	148.8	+13.9
Guilder...	112.3	+5.9
French franc...	65.4	−16.0
Lira...	48.4	−58.5
Yen...	157.3	+11.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Jan. 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.407	3.960	329.5	12.12	3.150	4.450	2406.	1.754	80.75
U.S. Dollar	0.711	1.	2.813	234.1	8.618	2.238	3.162	1711.	1.247	57.39
Deutschemark	0.253	0.355	1.	83.21	3.061	0.796	1.124	607.6	0.443	20.39
Japanese Yen 1,000	3.035	4.270	12.02	1000.	36.78	9.560	13.51	7302.	5.323	245.1
French Franc 10	0.825	1.161	3.267	271.9	10.	2.599	3.672	1985.	1.447	66.63
Swiss Franc	0.317	0.447	1.257	104.6	3.848	1.	1.413	763.8	0.557	25.63
Dutch Guilder	0.225	0.316	0.890	74.04	2.724	0.708	1.	540.7	0.394	18.15
Italian Lira 1,000	0.416	0.585	1.646	136.9	5.037	1.309	1.850	1000.	0.729	33.56
Canadian Dollar	0.570	0.802	2.258	187.9	6.912	1.796	2.538	1372.	1.	46.05
Belgian Franc 100	1.238	1.742	4.904	408.0	15.01	3.901	5.511	2980.	2.172	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9⅛-9¼	9⅜-9⅝	9¼-9½	5⅝-5⅞	4-1	5¼-5½	12-12¼	16-17	10-10½	10-10¼	6⅛-6⅜	11⅛-11⅜
7 day's notice	9⅛-9¼	9⅜-9⅝	9¼-9½	5⅝-5⅞	3½-3⅝	5½-5⅝	12-12¼	16½-17	10½-11	10½-10¾	6⅛-6⅜	11⅛-11⅜
Month	9⅛-9⅛	9⅝-9⅝	9⅝-9⅝	5⅞-6	3⅜-3½	5⅞-5⅝	12½-12⅝	16½-16⅝	10⅞-11⅛	10⅝-10⅞	6⅛-6⅜	10⅞-11⅛
Three months	9⅛-9⅛	9⅞-9⅞	9⅝-9⅞	5⅞-6⅛	3⅞-4	5⅞-6	13⅝-13⅞	17⅛-17⅝	11-11¼	11-11¼	6⅛-6⅜	10⅞-11⅛
Six months	9⅛-9⅛	9⅞-10	9⅞-10⅛	6⅛-6¼	4⅛-4¼	6⅛-6¼	14⅛-14	17⅛-17⅝	11⅛-11⅜	11⅛-11⅜	6⅛-6⅜	10⅞-11⅛
One year	9⅝-9⅝	10⅛-10¼	10⅛-10¼	6¼-6¼	4¼-4⅜	6¼-6⅜	14¾-14⅞	17⅛-18⅛	11⅛-12	11¼-11⅝	6⅛-6⅜	11-11⅛

Asian $ (closing rates in Singapore): Short-term 9⅜-9⅝ per cent; seven days 9⅜-9⅝ per cent; one month 9⅝-9⅝ per cent; three months 9⅞-9⅞ per cent; six months 9⅞-10 per cent; one year 10⅛-10⅜ per cent. Long-term Eurodollars two years 11-11½ per cent; three years 11⅜-11⅝ per cent; four years 11⅞-12 per cent; five years 12-12½ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates little changed

Interest rates were little changed in London yesterday in rather featureless trading. Three-month interbank money was quoted at 9⅛-9¼ per cent unchanged from Wednesday while three-month eligible bank bills were bid at 8⅞ per cent also unchanged from Wednesday's close. Overnight interbank money touched a high of 10 per cent but eased a little towards the close to finish at a low of around 8½ per cent.

The Bank of England revised its forecast twice on the market's short term liquidity position with the flow of funds distorted by current weather conditions in the north of Britain and its effect on cheque clearances.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

The Bank forecast a shortage of around £150m with maturing assistance and a take up of Treasury bills together draining £135m and a rise in the note circulation of £5m. Exchequer transactions were flat. The forecast was later revised to a shortage of around £200m and the Bank gave assistance in the morning of £137m. This comprised purchases of £25m of eligible bank bills in band 1 (up to 14 days) at 9⅛ per cent and in band 2 (15-33 days) £50m at 9 per cent. In band 3 (34-63 days) it bought £35m of eligible bank bills at 8⅞ per cent and in band 4 (64-91 days) £27m at 8⅞ per cent.

The shortage was again revised to around £250m without taking into account the morning's assistance and the Bank gave further help in the afternoon of £35m. This comprised purchases of £9m of local authority bills in band 1 at 9⅛ per cent and £14m of eligible bank bills in band 2 at 9 per cent. In band 3 it bought £2m of eligible bank bills at 8⅞ per cent and in band 4 £10m at 8⅞ per cent. The Bank also provided a late round of assistance of £10m.

In New York the Federal reserve entered the money market to add funds through four day repurchase agreements. At the time Federal funds were trading at 9⅞ per cent.

LONDON MONEY RATES

Jan. 26 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8½-10	—	9⅛-9⅜	8¾-9⅛	—	—	—	—	—
2 days notice	—	—	—	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9⅛-9⅛	—	9-9⅛	9-9⅛	—	—	—	—	—
One month	9⅛-9⅛	9⅛-9⅛	9⅛	9⅛	9-9⅛	9-9⅛	8⅞	9⅛	8⅞	9⅞
Two months	9⅛-9⅛	9⅛-9⅛	9⅛	9⅛	9⅛	8⅞	8⅞	9	8⅞	9⅞
Three months	9⅛-9⅛	9⅛-9¼	9⅛	9⅛	9⅛	8⅞	8⅞	8⅞	8⅞	9⅞
Six months	9⅛-9⅛	9⅛-9⅛	9⅛	—	—	—	—	—	—	—
Nine months	9⅛-9⅛	9⅛-9⅞	—	—	—	—	—	—	—	—
One year	9⅞-9⅞	9⅞-9⅞	9⅞	—	—	—	—	—	—	—

MONEY RATES

Jan. 26	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	12⅛	1-2	5⅞-6	6.21875	17⅛-18	7.65	12⅛-12⅜
One month	5.80-5.85	12⅛-12⅜	3⅞-4	5⅞-6	6.15625	17⅛-17⅝	10⅜-10⅝	12⅛-12⅜
Two months	5.85-6.00	12⅜-12⅝	—	5⅞-6	—	—	10⅞-11⅛	12⅛-12⅜
Three months	5.90-6.05	12⅞-13⅛	3⅞-4⅛	6-6⅛	6.28125	17⅞-18⅛	10⅞-11⅛	12⅛-12⅜
Six months	5.95-6.10	13⅛-13⅜	—	6⅛-6¼	—	—	11⅛-11⅜	12⅜-12⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
(11.00 a.m. January 26)

3 months U.S. dollars	
bid 9 11/16	offer 9 13/16

6 months U.S. dollars	
bid 9 7/8	offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅛-9⅛	—	9⅛	9.45-9.55	8⅜-8⅞	9⅞-10⅛
Two months	9⅛-9⅛	—	9⅛	9.55-9.65	8⅜-8⅞	9⅞-10⅛
Three months	9⅛-9⅛	—	9⅛	9.65-9.75	8⅜-8⅞	9⅞-10
Six months	9⅛-9⅛	—	9⅞	9.95-10.05	8⅜-9⅛	9⅞-10
Nine months	9⅞-9⅞	—	9⅞	10.20-10.30	—	—
One year	9⅞-9⅞	9⅞	10	10.35-10.50	9⅛-9⅞	10-10⅛
Two years	—	10⅛	—	—	—	—
Three years	—	10⅜	—	—	—	—
Four years	—	10⅝	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 8.482 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Fixed Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8661 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9⅛ per cent; one-three months 9⅛ per cent; three-six months 10 per cent; six-12 months 10⅛ per cent. Under £100,000 9⅛ per cent from January 12. Deposits held under Series 4-5 10⅛ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10⅛-10⅜
Fed funds	9⅞
Fed funds at intervention	9⅞

Treasury Bills

One month	8.90
Two month	8.96
Three month	8.97
Six month	9.08
One year	9.02

Treasury Bonds

Two year	100
Three year	101
Four year	99
Five year	100
Seven year	100
10 year	102
30 year	102

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Guiollettstr. 54. Telex: 416052. Telephone: 7598-157.

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 25, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of January 25 at 11.00 am
3 months: 9⅞. 6 months: 10⅛.

SDR1=$US1.03296
Sibor as of January 25 at 11.00 am
3 months: 9⅞. 6 months: 10⅛.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	7.2143
Algeria	Dinar	4.9802
Andorra	Fr. Franc	8.641
	Sp. Peseta	159.40
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (f)	25.502
Australia	Dollar	1.1002
Austria	Schilling	19.91
Azores	Port. Escudo	136.20
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3768
Balearic Is.	Sp. Peseta	159.40
Bangladesh	Taka	25.20
Barbados	Dollar	2.0115
Belgium	Franc (O)	57.645
	Franc (F)	58.45
Belize	Dollar	2.00
Benin	C.F.A. Franc	432.05
Bermuda	Dollar	1.00
Bhutan	Indian Rupee	10.45
Bolivia	Peso (13)	500.00
Botswana	Pula	1.1792
Brazil	Cruzeiro (10)	1028.50
Brunei	Dollar	2.1306
Bulgaria	Lev	0.998
Burma	Kyat	8.357
Burundi	Franc (13)	118.764
Cameroun Rp.	C.F.A. Franc	432.05
Canada	Dollar	1.2460
Canary Is.	Sp. Peseta	159.40
Cape Verde Is.	Escudo	73.644
Cayman Is.	Dollar	0.835
Cen. African Rep.	C.F.A. Franc	432.05
Chad	C.F.A. Franc	432.05
Chile	Peso (O)	88.03
China	Renminbi Yuan	2.0718
Colombia	Peso (O)	90.19
Comoros	C.F.A. Franc	432.05
Congo Ppl. Rep. of	C.F.A. Franc	432.05
Costa Rica	Colon (9)	43.50
Cuba	Peso	0.8704
Cyprus	Pound*	1.7464
Czechoslovakia	Koruna (O)	6.45
Denmark	Krone	10.2387
Djibouti Rp. of	Franc	181.89
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	55.81
	Sucre (F)	88.55
Egypt	Pound	0.8342
Equat'l Guinea	Ekuele	318.80
Ethiopia	Birr (O)	2.05
Faeroe Is.	Dan. Krone	10.2387
Falkland Is.	Pound*	1.4067
Fiji	Dollar	1.0631
Finland	Markka	5.9655
France	Franc	8.641
Fr. Guiana	Franc	8.641
Fr. Pac. Is.	C.F.P. Franc	157.109
Gabon	C.F.A. Franc	432.05
Gambia	Dalasi	2.8571
Germany (E)	Ostmark (O)	2.825
Germany (W)	Mark	2.825
Ghana	Cedi	30.00
Gibraltar	Pound*	1.40
Greece	Drachma	103.40
Greenland	Dan. Krone	10.2387
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.641
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	85.1917
Guinea Rep.	Syli	23.6975
Guyana	Dollar	3.75
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.797
Hungary	Forint	44.51
Iceland	Krona	29.60
India	Rupee	9.265
Indonesia	Rupiah	996.00
Iran	Rial (O)	89.3548
Iraq	Dinar	0.3109
Irish Rep.	Punt	1.0967
Israel	Shekel (1)	119.17
Italy	Lira	1715.25
Ivory Coast	C.F.A. Franc	432.05
Jamaica	Dollar (O) (11)	3.17
Japan	Yen	234.33
Jordan	Dinar	0.3764
Kampuchea	Riel	n.a.
Kenya	Shilling	13.5571
Kiribati	Aust. Dollar	1.1002
Korea (Nth)	Won	0.94
Korea (Sth)	Won	799.60
Kuwait	Dinar	0.2946
Lao P'ple D. Rep	Kip	35.00
Lebanon	Pound	5.56
Lesotho	Loti	1.261
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenstein	Sw. Franc	2.2345
Luxembourg	Lux Franc	57.645
Macao	Pataca	8.105
Madagascar D. R.	Franc	521.129
Madeira	Port. Escudo	136.20
Malawi	Kwacha	1.3144
Malaysia	Ringgit	2.3401
Maldive Is.	Rufiyaa (M)	7.05
Mali Rp.	Franc	864.10
Malta	Pound*	2.2196
Martinique	Franc	8.641
Mauritania	Ouguiya	55.85
Mauritius	Rupee	13.6135
Mexico	Peso (Free)	165.50
	Peso (control)	147.10
Miquelon	Franc	8.641
Monaco	Fr. Franc	8.641
Mongolia	Tugrik (O)	3.356
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	7.90
Mozambique	Metical	41.908
Namibia	S.A. Rand	1.261
Nauru	Aust. Dollar	1.1002
Nepal	Rupee	15.75
Netherlands	Guilder	3.1610
Netherlands Ant.	Guilder	1.80
New Zealand	Dollar	1.543
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	432.05
Nigeria	Naira *	0.72909
Norway	Krone	8.893
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	13.6578
Panama	Balboa	1.00
Papua N.G.	Kina	0.8936
Paraguay	Guarani (o)	160.00
Peru	Sol	2346.16
Philippines	Peso (4)	14.00
Pitcairn Is.	N.Z. Dollar	1.543
Poland	Zloty (O)	95.48
Portugal	Escudo	136.20
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	8.641
Romania	Leu (O)	4.47
Rwanda	Franc (8)	99.4333
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.40
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	8.641
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala*	1.632
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1715.25
Sao Tome & Principe DR	Dobra	40.0933
Saudi Arabia	Riyal	3.51
Senegal	C.F.A. Franc	432.05
Seychelles	Rupee	7.0036
Sierra Leone	Leone	2.51
Singapore	Dollar	2.1306
Solomon Is.	Dollar	1.1133
Somali Rep.	Shilling	15.9754
South Africa	Rand	1.261
Spain	Peseta	159.40
Span. Ports in N. Africa	Sp. Peseta	159.40
Sri Lanka	Rupee	25.25
Sudan Rep.	Pound*	0.7692
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.261
Sweden	Krona	8.178
Switzerland	Franc	2.2345
Syria	Pound	3.925
Taiwan	Dollar (O)	40.19
Tanzania	Shilling	13.50
Thailand	Baht	22.97
Togo Rep.	C.F.A. Franc	432.05
Tonga Is.	Pa'anga	1.1002
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7663
Turkey	Lira	315.15
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.1002
Uganda	Shilling (1st)	235.74
	Shilling (2nd)	297.50
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.40
Upper Volta	C.F.A. Franc	432.05
Uruguay	Peso	46.53
U.S.S.R.	Rouble	0.7665
Vanuatu	Vatu	102.81
Vatican	Lira	1715.25
Venezuela	Bolivar (5)	4.30
	Bolivar (6)	9.93
	Bolivar (7)	12.99
Vietnam	Dong (O)	10.0475
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.66
Yemen PDR	Dinar	0.3495
Yugoslavia	Dinar	127.344
Zaire Rp.	Zaire	30.95
Zambia	Kwacha	1.2392
Zimbabwe	Dollar	1.1433

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Nepal: Devaluation of 3.5 per cent, January 11 1984. (2) Guinea-Bissau: Devaluation of 50 per cent, December 28 1983. (3) India: Per 100 Rupees. (4) Philippines Peso now floating from October 5. (5) Venezuela: Three-tier system has developed. This rate is for all essential imports. (6) Venezuela: Non-essential import rate. (7) Venezuela: Floating rate for tourists. (8) Rwanda: Franc now linked to the SDR at rate 102.71. (9) Costa Rica: November 11, Central Bank unified the exchange rate. (10) Brazil: Third adjustment this year effective January 18. (11) Jamaica: November 23 Govt adjusted Official rate. (12) Bolivia: November 17 Central Bank devalued. (13) Burundi: November 22 linked to SDR effective devaluation 30 per cent. (14) Guyana: January 11, 25 per cent devaluation.

For further information please contact your local branch of the Bank of America.

CAPITAL MARKETS

Italian state railway launches $250m floating-rate note

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

FERROVIE dello Stato, Italy's state railway, yesterday launched a $250m, 15-year floating-rate note through Lehman Brothers Kuhn Loeb.

The notes, which bear interest at a margin of ¼ per cent over the six-month offered rate for Eurodollar deposits in London (Libor), can be redeemed after eight or 10 years at the investor's option. Total fees on the issue amount to 1.2 per cent.

The terms are more generous than those offered on some recent floating-rate issues, notably last week's $500m note for Denmark, which bore a margin of ⅛ and total fees of ¾ per cent.

But Ferrovie is still paying less for the borrowing than it would for a syndicated loan, and it is understood that the Italian authorities are keen to re-establish Italy's good name in the bond markets after the poor reception accorded to last November's £100m issue for the electric authority ENEL.

While secondary market trading in all markets remained quiet, yesterday also saw the launch of a $80m, five-year convertible issue for Ono Pharmaceuticals of Japan, which was very well received, rising quickly to a premium of 6½ per cent over its indicated issue price of par. Other indicated terms include a coupon of 3¾ per cent.

In other currencies, Canadian Occidental Petroleum is raising C$50m through a 15-year, 12½ per cent bond launched at 99½ per cent through Orion Royal, Hambros, Burns Fry and Bache. After a slow start, demand for the issue picked up from North America and the bonds traded at a narrow discount of about ¾.

In Germany, the Inter-American Development Bank launched a DM 100m, seven-year 8¼ per cent bond at par through DG Bank, while Cofiroute, the French highway company, is raising SwFr 60m through a 10-year bond with an indicated coupon of 7 per cent led by Paribas (Suisse).

Irish gilt investors in strong budget reaction

BY BRENDAN KEENAN IN DUBLIN

THE IRISH gilt market took a battering yesterday as investors reacted strongly to provisions in Wednesday's budget to close tax "loopholes" on the sale and transfer of securities. Investors tried to sell almost I£1bn ($1.1bn) of government paper, equivalent to twice the Government's projected total for gilt sales to the non-banking sector this year.

The Government broker knocked 10 per cent off the price of government stocks and was willing to buy only a quarter of the amount offered for sale, which effectively halted trading.

Mr Alan Dukes, the Minister for Finance, said he believed this was a short-term reaction and the market would settle down.

The cause of all the problems was Mr Dukes's proposal to eliminate so-called "bond washing." This means that if an investor sells stock before the maturity date, the dividend is treated as capital rather than income and so avoids income tax. Mr Dukes also said the tax exemption on Exchequer bills or similar non-interest bearing securities would be removed.

These measures became effective yesterday but it is unclear exactly how they will work. A former president of the Irish stock exchange, Mr Colm O'Briain, said the uncertainty could damage the Government's ability to borrow domestically.

With a borrowing requirement of I£1.9bn this year, it is important for the Irish Government to raise as much as possible on the Dublin market to reduce reliance on foreign borrowing.

WEEKLY U.S. BOND YIELDS (%)

	Jan 25	Jan 18	1983-1984 High	1983-1984 Low
Composite Corp. AA	12.20	12.27	12.83	10.78
Government:				
Long-term	11.54	11.51	11.93	10.18
Intermediate	11.36	11.33	12.03	9.83
Short-term	11.74	10.70	11.26	9.21
Municipal	N/A	9.58	10.01	8.72
Industrials AAA	11.84	11.84	12.38	10.51
Industrials AA	12.06	12.09	12.62	10.72
Utilities AA	12.33	12.44	13.05	10.36
Preferred Stocks	11.10	11.28	11.47	10.59

Source: Standard & Poor's

BHF Bank bond average

Jan 26		Previous
98.486		98.489
High	1983-84	Low
102.017		97.899

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 26.

U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield

[illegible]

DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield

[illegible]

SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield

[illegible]

Av. price changes: on day 0, on week −⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 8⅝ 92	15	106⅞	107⅜	−⅛	−⅜	7.47

OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield

[illegible]

FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld

[illegible]

CONVERTIBLE BONDS | Conv. date | Conv. price | Bid | Offer | Chg. day | Prem

[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for US dollars. C.cpn = Current coupon. C.yld = Current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.